

City of Three Rivers, Michigan St. Joseph County, Michigan

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

PREPARED BY:

CITY OF THREE RIVERS

FINANCE DEPARTMENT

City of Three Rivers, Michigan

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Introductory Section



September 26, 2008

To the Citizens of the City of Three Rivers,
the Honorable Mayor, and City Commissioners

The Comprehensive Annual Financial Report of the City of Three Rivers for the fiscal year ended June 30, 2008 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City Administration. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City of Three Rivers. All disclosures necessary to enable a reader to gain an understanding of the City of Three Rivers financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City of Three Rivers organizational chart, and a list of principal officials. The financial section includes the combining financial statements and the general purpose financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This reporting includes all funds of the City of Three Rivers. The City of Three Rivers provides a full range of traditional government services. The City of Three Rivers also provides for construction, repair, and maintenance of streets and storm drainage systems, provides parks and recreational and sports activities for its citizens.

The City is responsible for the administration and enforcement of housing and building codes, as well as economic and community development activities. In accordance with the State of Michigan's statutes, the City Treasurer is responsible for the collection of all property taxes for the City and overlapping governmental jurisdictions, including St. Joseph County, Glen Oaks Community College, Three Rivers Intermediate School District, and the Three Rivers Public Schools.

In addition to general government activities, the City Commission exercises, or has the ability to exercise, oversight of the Downtown Development Authority, the Industrial Development Authority, the Brownfield Redevelopment Authority, and the Three Rivers Public Library. These organizations are included in the component unit's columns in the general purpose financial statements.

City Location and Character

The City of Three Rivers encompasses an area of about 3.8 square miles in west central St. Joseph County, which is situated in the south central portion of Michigan's Lower Peninsula, bordering the state of Indiana. The City is approximately 30 miles south of Kalamazoo, 90 miles southwest of Lansing, the state capital, and 150 miles west of Detroit. The City of Sturgis, also located in St. Joseph County, lies about 15 miles to the southeast. Located where the St. Joseph, Rocky, and Portage Rivers converge, the City is a balanced mix of residential, commercial, and industrial properties in an attractive area of rolling hills and many lakes, affording numerous opportunities for a variety of year-round recreational activities. Three major highways (U.S. 131 and Michigan Highways 60 and 86) pass through Three Rivers, and I-94 lies only 20 miles north. The area is served by Conrail, various motor freight carriers, Three Rivers Airport (private flights), and Kalamazoo County Airport (freight and commercial service).

The City was founded in the early 1830s and acquired the name of Three Rivers because of the confluence of the St. Joseph, Portage, and Rocky Rivers. The City's tax base is diverse with residential, commercial, industrial and personal property valuations accounting for approximately 38.3 percent, 27.6 percent, 12.8 percent and 21.3 percent, respectively, of its total taxable value for the fiscal year ending June 30, 2008.

The 2000 population of the City of Three Rivers was 7,328, a decrease of 1.14 percent below the 1990 population of 7,413. As small communities compete for residents, City administration must provide reasons for people to want to live in and visit Three Rivers. The three rivers that converge in the Three Rivers downtown area need to be viewed by our citizens as assets to be protected and preserved while enjoying their benefits.

Glen Oaks Community College at Centreville is located seven miles southeast of the area, and five two-year and four-year colleges and universities are available in Kalamazoo. Three Rivers Area Hospital (65 beds), Three Rivers Manor at River Forest (101 beds), and Heartland Heath Care Center (100 beds) provide the area with local medical care and extended care, respectively, while Kalamazoo's two full-service hospitals and nearly a hundred specialized agencies provide many area residents with every aspect of quality medical care.

The City of Three Rivers was incorporated in 1917 as a "Home Rule City" pursuant to the provisions of Act 279, Public Acts of Michigan, 1909, as amended. In accordance with its charter, the City is governed by a mayor and six-member City Commission who are elected on a non-partisan basis for two-year terms. The City Commission appoints a city manager who serves at its pleasure and is the chief administrative officer of the City.

Economic Outlook

The City of Three Rivers is situated in southwestern Michigan between the two major markets of Detroit and Chicago, Illinois. Two lesser markets located to the north and south, respectively, are Kalamazoo and South Bend, Indiana, which are connected by U.S. 131, a component of Michigan's commercial highway network. Three Rivers is located in St. Joseph County, one of the fastest-growing communities in southern Lower Michigan.

The Three Rivers area draws from a three-county labor force of more than 160,000 workers which provides a skilled labor pool for new industries. The diverse local economy includes automotive, machine tool, metal fabrication, plastics, and paper companies.

Major employers include Three Rivers Health maintains a current employment level of 530, making them the top employer in the City. American Axle Manufacturing, makers of automotive drive shafts and other parts for the automobile industry, maintains a current employment level of 496 people. Major retailers, Meijer, Inc. has 272 employees and Walmart has 210 employees. Kadant Johnson (150) and Armstrong Machine Works (300) are makers of rotary steam joints and traps used by the paper industry. Lasco Industries (160) are makers of fiberglass and plastic products. Weyerhaeuser Company (147) manufactures corrugated boxes and cartons.

The Three Rivers Area Enterprise Park is located at the intersection of M-60 and U.S. 131. North American Products, KDF Fluid Treatment Co., Fastenal, Inc. and Tamara Tool have located in the City's industrial park. Leads on prospective tenants for the park are continually being pursued. The success of the Three Rivers Area Enterprise Park is the result of a joint community effort. While the City continues to be actively involved in economic development initiatives, partners in the Enterprise Park development included the Three Rivers Area Chamber of Commerce, the Three Rivers Industrial Development Authority, and a local government coalition consisting of the Townships of Fabius, Lockport, and Park and the City of Three Rivers. Additional funding came from private and public sources. Enterprise Park is seen as a community asset and has strong support from local business and area residents.

Major Initiatives

The City of Three Rivers continually reviews and modifies their economic development and community enhancement goals. Small communities are involved in competitions for individuals as surely as they compete for corporate investment. In this way, community amenities and quality features are no longer frills – they are essential to a community's ability to market itself successfully. Three Rivers is a unique community with many assets (a new High School, natural water features, a historic downtown etc.). We diligently work toward leveraging our assets, funding sources and resources to tackle large projects and improve our surroundings. The City participates with the St. Joseph County Economic Development Corporation (SJC EDC) as well as the South-Central Michigan Planning Council (SMPC). On July 9, 2002 the City Commission reviewed and concurred with the SMPC Comprehensive Economic Development Strategy (CEDS). The SJC EDC is currently working on updating their Economic Development Strategy. The City's Mayor sits on the SMPC Board and the City Manager sits on the SJC EDC Board. Collaboration is the foundation of our organization. Our Community Council slogan is "Together We're Better". This premise permeates through our community allowing us to be successful! The following information summarizes our Community Development Strategy.

Three Rivers is an older community and, as such, we have an older housing stock. In an effort to provide affordable and livable housing and improve our overall quality of life, we are attempting to improve our existing housing stock, both owner occupied and rental units. Our infrastructure is also aging and is in need of upgrades or repair. The City has 45 miles of road surface to maintain within the city limits. Since asphalt has an approximate 15-year life span, we need to improve or replace three miles of streets per year to keep ahead of the deterioration. On August 6, 2003, the citizens of Three Rivers approved a 15-year millage levy to be utilized for street and sidewalk replacements and upgrades. A streets and sidewalk committee has been established to assist in assessing the areas around the city that need immediate attention. The committee consists of representatives of each district and a representative of city administration.

Short- and Long-term Objectives

The St. Joseph County Economic Development Corporation, along with the County Housing Task Force, recently completed a Housing Assessment and Strategy Report for the County. Rental rehabilitation was one of the suggestions made for the City of Three Rivers. The City of Three Rivers has been part of the County Housing Task Force for some time and understands that improving our housing stock is an important aspect of our viability.

We have instituted and will continue to develop housing programs to increase the value and integrity of our housing stock and provide safe affordable housing, thus improving our neighborhoods and quality of life. The City was awarded a grant with H.O.M.E. funds from the Michigan State Housing Development Authority under an Acquisition, Development, and Rehabilitation (ADR) Program. The City acquired four residential properties for the homebuyer activity portion of this grant and has sold all but one property, 508 Maple Street. The City recently gained approval to lower the price of this home to make it more affordable to qualified buyers. Qualifying families may receive additional assistance from MSHDA to cover the purchase price of the property. Upon sale, the City will be reimbursed for all of the expenses incurred for the initial purchase price of the property and the construction costs incurred while improving the property. This has been a great opportunity for the City to be involved in the improvement of our local housing stock and to assist qualifying families with affordable housing. The City hopes to have the last property sold by the end of the next fiscal year.

The City has been awarded a CDBG Grant in the amount of \$360,000 for another Rental Rehabilitation Program (RRP). Property owners will be required to provide a minimum of 25% match. Due to the scope of the planned projects, the City has estimated that the leveraged amounts may be \$100,000 or more. Significant improvements are expected in three or four separate buildings and are to upgrade 11-12 units in the City's historic central business district with 51 percent of the tenants having incomes at or below 80 percent of the area median income. The property owners must rent restrict 51 percent of the units during the five-year affordability period.

The City currently has an active Brownfield Redevelopment Authority (BRA) Board which will continue to pursue redevelopment of the City's abandoned and under-utilized Brownfield areas. The Brownfield Redevelopment Authority has established a Tax Increment Financing District and a Revolving Loan Fund with the taxes captured from those properties that have a redevelopment plan approved by the City Commission.

The City of Three Rivers is continuing to work on the job creation aspect of the Airport Expansion and Industrial Park project. The plan is to create 32 new jobs, with an average wage rate of \$15.00 per hour, within the next five years. The project provided new infrastructure (water sewer, roadway) and brought additional property into the City limits.

The City of Three Rivers sold a 32-acre parcel to Welton Development to begin another subdivision located off of Portage Avenue. "Meadowbrook Farms" was to consist of 20 single family dwellings in Phase I. In September, 2005 the City issued special assessment bonds in the amount of \$585,000 to defray the cost of the public improvements relating to this project. The majority of the public improvements have been installed and one home has been built in the subdivision. The developer was unable to continue the project and the property has been deeded back to the City.

During the current fiscal year, the City has identified a new developer and entered into an agreement with Allen Edwin Homes to complete Phase I of the project. As of the end of the fiscal year, two homes have been sold and new homes are under construction. Subsequent to year end, two additional lots were sold bringing the total lots sales to four. The City's general fund is currently responsible for the debt service payments, however all sale proceeds are being designated to repayment of the special assessment roll.

Long-term Financial Planning

The City of Three Rivers believes long-term planning has been and will continue to be a vital component to ensure the City's fiscal health. The City continually reviews and modifies its economic development and community enhancement goals.

Fiscal year 2009 is expected to be another difficult year as state-shared revenues and other revenues continue to lag behind expenditures. This situation is not unique to our community. A number of Michigan cities have been forced to reduce the cost of government services in recent years. The City's tax growth is limited by Proposal A, which caps growth in taxable value. This capping tax base growth has a negative effect on most communities in Michigan. Combined with a slow-growing economy, Proposal A hinders the ability of local governments to address new service needs in the community without impacting basic municipal services.

City administration continues to embody the achievement of annual balanced budgets through comprehensive analysis for cost containment, the establishment and maintenance of strategic reserve funds, responsible reinvestment in capital infrastructure and identifying new and/or alternative funding sources.

Financial Information

The management of the City of Three Rivers is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to assure that adequate accounting data are compiled to allow for the preparation of financial reports in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The Three Rivers City Commission adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The City's fiscal year is July through June. The annual budget for the next fiscal year is adopted on or before the second regular meeting in June.

Budgetary controls include the fact that expenditures cannot exceed revenue for the year plus beginning fund balance. An encumbrance system is in place to ensure that this control is not violated. In addition, the City Commission must approve all budget amendments made throughout the fiscal year.

Cash Management

The City's investment policies follow the legal requirements of municipalities covered under Michigan Public Act No. 20 of 1943, as amended. We maximize the use of funds and ultimately try to increase the return on our dollars. The City's investments during the year consisted of cash management funds, certificates of deposit, and government agency securities.

Risk Management

The City of Three Rivers is a member of the Municipal Liability & Property Pool, which is sponsored by the Michigan Municipal League. It is operated according to the policies adopted by the Pool Board of Directors, and in accordance with Michigan Public Acts 138 (1982) and 36 (1988). The pool provides risk management, claims administration, legal defense, and reinsurance services for its members.

As a member of the Municipal Liability and Property Pool, the City of Three Rivers has liability coverage of up to \$10,000,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the Michigan Municipal Leagues' Risk Control Staff.

Independent Audit

An annual audit of the accounting and financial records of the City is conducted by independent certified public accountants in accordance with Michigan Act 2 of the Public Acts of 1968, as amended, the Department of Treasury Bulletin for Audits of Local Units of Governments in Michigan and the Federal Standards for Audit of Governmental Organizations, Programs, Activities and Functions. The auditors are required to audit all funds and account groups of the City in accordance with generally accepted auditing standards. The firm Plante & Moran, PLLC has performed audit services for the fiscal year ended June 30, 2008. Their opinion is presented in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Three Rivers for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to conform to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.


Acknowledgements

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department. The preparation of the report required a major effort from the accounting staff and we would like to express our appreciation to everyone who assisted and contributed to the effort.

We wish to acknowledge the professional manner in which the audit was conducted by Plante & Moran, PLLC and express our appreciation for their assistance.

We also thank the City Commission for the commitment and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,



Joseph A. Bippus
City Manager



Catherine Lawson
Finance Director/City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Three Rivers
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



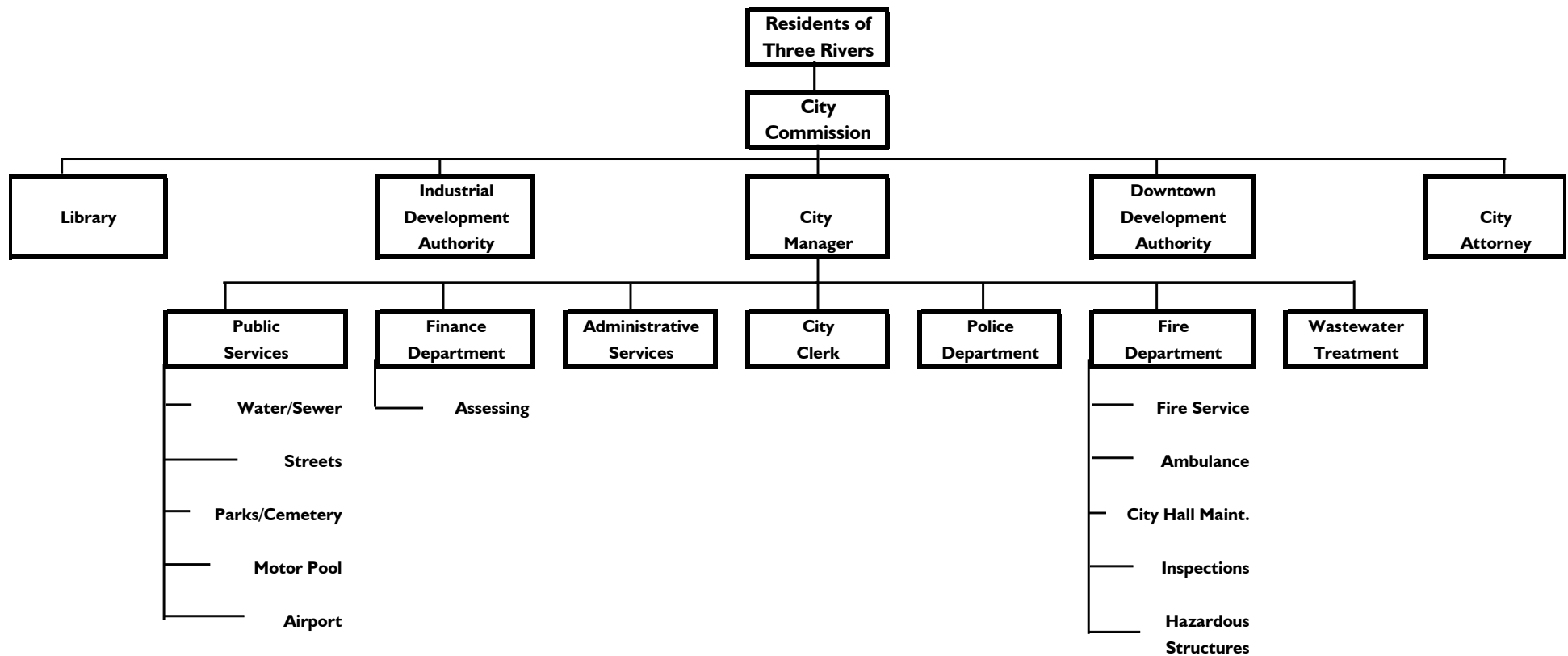
Oliver S. Cox

President

Jeffrey R. Enen

Executive Director

City of Three Rivers
Organizational Structure



City of Three Rivers, Michigan

CITY OFFICIALS

Legislative

Mayor	Allen J. Balog
Mayor Pro-Tem	Rowdy Keith
First District Commissioner	Rowdy Keith
Second District Commissioner	Elbert Foster
Third District Commissioner	Earl E. Stark
Fourth District Commissioner	David D. York
At-Large Commissioner	Kenneth K. Cochran
At-Large Commissioner	Darryl L. Griffith

Administrative

City Manager	Joseph A. Bippus
City Attorney	J. Patrick O'Malley
City Finance Director/Treasurer	Catherine Lawson
Public Services Superintendent	Mark Glessner
Acting Fire Chief	Jeffrey Bloomfield
Police Chief	Tom Bringman
Administrative Services Director	Lou Ann Moord
Wastewater Treatment Plant Superintendent	Jim Rozeboom
City Clerk	Lindsay Howes
City Assessor	Dale Hutson

Financial Section



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Independent Auditor's Report

To the City Commission
City of Three Rivers, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Three Rivers as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Three Rivers' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Three Rivers as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Three Rivers' basic financial statements. The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

To the City Commission
City of Three Rivers, Michigan

The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and retirement systems schedules of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moreau, PLLC

October 10, 2008

City of Three Rivers, Michigan

Management's Discussion and Analysis

As management of the City of Three Rivers, we offer readers of the City of Three Rivers' financial statements this narrative overview and analysis of the financial activities of the City of Three Rivers for fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2008:

- The assets of the City of Three Rivers exceeded its liabilities at the close of the most recent fiscal year by \$26,263,257 (net assets). Of this amount, \$5,768,037 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,980,597 or 8.15 percent. This net increase was a combination of a \$1.4 million increase in governmental activities net assets and a \$567 thousand increase in business-type activity net assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,508,643, an increase of \$1,482,469 in comparison of the prior year. Approximately 86.6 percent of the combined fund balances, or \$3,040,386, was available for spending at the government's discretion ("unreserved fund balance"). However of that amount, \$2,303,926 was attributable to special revenue funds, debt service funds, capital projects funds and permanent funds. Fund balances in those funds must be used for their intended purposes.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$736,460, or 20 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Three Rivers' basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

City of Three Rivers, Michigan

Management's Discussion and Analysis

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Three Rivers' finances, in a manner similar to a private-sector business.

The statement of net assets and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City finances. The longer view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The governmental activities of the City of Three Rivers include general government, public safety, public works, highways, and streets economic development. The business-type activities of the City include water, wastewater, and ambulance operations.

The government-wide financial statements included not only the City of Three Rivers itself (known as the primary government), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operation in more detail than the government-wide financial statements by providing information about the City's most significant funds. All of the funds of the City of Three Rivers can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, they focus on *near-term inflows and outflows of spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Proprietary funds are used to report the same functions reported in the business-type activities in the government-wide financial statements. The City of Three Rivers uses enterprise funds to account for its water, wastewater, and ambulance operations. Internal Service Funds are an accounting device use to accumulate and allocate costs internally among the City of Three Rivers' various functions. The City of Three Rivers uses an Internal Service Fund to account for its fleet of vehicles. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide statements.

City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Three Rivers' own programs. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Notes to the Financial Statements and Other Information

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Three Rivers' progress in funding its obligation to provide pension benefits to its employees.

Governmental-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Three Rivers, assets exceeded liabilities by \$26,263,257 at the close of the most recent fiscal year. The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year:

City of Three Rivers' Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 5,067,131	\$ 4,085,727	\$ 3,595,718	\$ 3,013,960	\$ 8,662,849	\$ 7,099,687
Capital assets, net	13,176,403	13,388,078	16,026,190	16,471,544	29,202,593	29,859,622
Total assets	18,243,534	17,473,805	19,621,908	19,485,504	37,865,442	36,959,309
Liabilities						
Long-term liabilities	5,337,469	608,327	4,991,738	5,761,369	10,329,207	6,369,696
Current liabilities	707,375	6,080,300	565,603	226,653	1,272,978	6,306,953
Total liabilities	6,044,844	6,688,627	5,557,341	5,988,022	11,602,185	12,676,649
Net Assets						
Invested in capital assets -						
Net of related debt	7,518,197	7,407,722	10,726,190	10,806,544	18,244,387	18,214,266
Restricted	2,250,833	1,766,743	-	-	2,250,833	1,766,743
Unrestricted	2,429,660	1,610,713	3,338,377	2,690,938	5,768,037	4,301,651
Total net assets	\$ 12,198,690	\$ 10,785,178	\$ 14,064,567	\$ 13,497,482	\$ 26,263,257	\$ 24,282,660

City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

By far the largest portion of the City of Three Rivers' net assets, \$18,244,387 or 69 percent, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any debt used to acquire those assets still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Three Rivers' investments in its capital assets are reported net of related debt, it should be noted that the resources to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Three Rivers' net assets, \$2,250,833 or 9 percent, represents resources that are subject to external restriction on how they may be used. The remaining unrestricted net assets, \$5,768,037, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Three Rivers is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net assets increased by \$1,980,597 during the current fiscal year as compared to an increase of \$2,545,251 in the prior fiscal year. This net increase was a combination of a \$1.4 million increase in governmental activities net assets and an increase of \$567 thousand in business-type activities net assets.

City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets during the current year with a comparison to prior year:

City of Three Rivers' Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue						
Program revenue:						
Charges for services	\$ 272,254	\$ 1,217,935	\$ 3,768,853	\$ 3,728,960	\$ 4,041,107	\$ 4,946,895
Operating grants and contributions	589,606	864,030	-	-	589,606	864,030
Capital grants and contributions	485,332	682,708	-	-	485,332	682,708
General revenue:						
Property taxes	3,505,164	3,302,445	201,403	190,823	3,706,567	3,493,268
State-shared revenue	907,279	1,029,657	-	-	907,279	1,029,657
Unrestricted investment earnings	214,940	154,672	140,239	109,947	355,179	264,619
Miscellaneous revenue	454,048	392,905	-	-	454,048	392,905
Total revenue	6,428,623	7,644,352	4,110,495	4,029,730	10,539,118	11,674,082
Program Expenses						
General government	812,526	1,045,537	-	-	812,526	1,045,537
Public safety	1,920,638	1,866,794	-	-	1,920,638	1,866,794
Public works	2,115,254	1,500,049	-	-	2,115,254	1,500,049
Community and economic development	49,442	867,456	-	-	49,442	867,456
Interest on long-term debt	117,251	122,175	-	-	117,251	122,175
Water and wastewater	-	-	2,660,763	2,843,022	2,660,763	2,843,022
Ambulance	-	-	882,647	883,798	882,647	883,798
Total program expenses	5,015,111	5,402,011	3,543,410	3,726,820	8,558,521	9,128,831
Excess of Revenue Over Expenses - Before transfers	1,413,512	2,242,341	567,085	302,910	1,980,597	2,545,251
Transfers	-	(188,322)	-	188,322	-	-
Change in Net Assets	1,413,512	2,054,019	567,085	491,232	1,980,597	2,545,251
Net Assets - Beginning of year	10,785,178	8,731,159	13,006,250	13,006,250	23,791,428	21,737,409
Net Assets - End of year	<u>\$ 12,198,690</u>	<u>\$ 10,785,178</u>	<u>\$ 13,573,335</u>	<u>\$ 13,497,482</u>	<u>\$ 25,772,025</u>	<u>\$ 24,282,660</u>

Governmental Activities

Governmental activities increased the City of Three Rivers' net assets by \$1,413,512, thereby accounting for 71 percent of the total growth in net assets of the City of Three Rivers. Key elements of this increase are as follows:

- Property tax revenues increased by \$202,000 (6 percent) due to changes in the property values on the tax rolls.
- Charges for services decreased by over \$1 million due primarily to new special assessments recorded in 2007 approximating \$940,000.

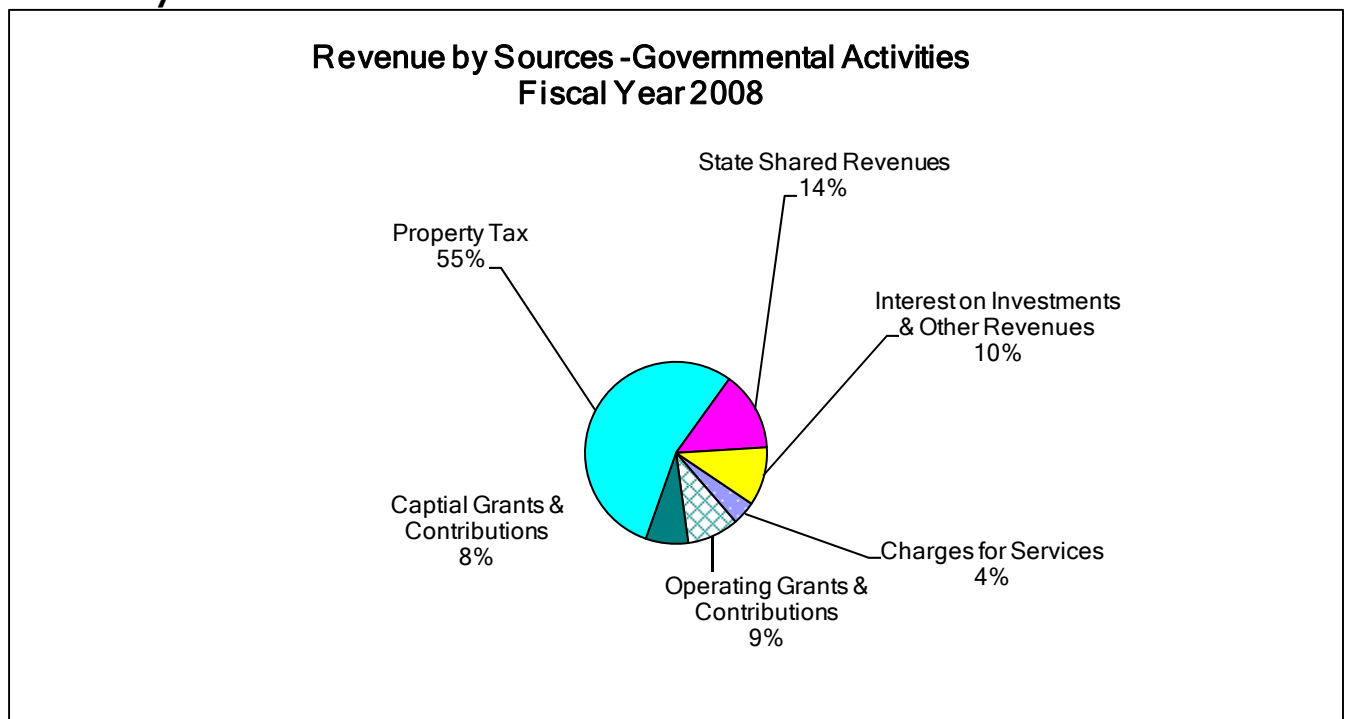
City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

- Investment earnings increased over last year's earnings by \$60,268 due to improved market conditions and the amount of surplus funds available for investment.
- Program expenses decreased by \$386,900 compared to last year due to a reduction in Community and Economic Development projects.

While some revenues for governmental activities are derived from charges specific to programs, the majority of programs are generally subsidized by tax revenues and/or by intergovernmental aid. In total, for fiscal year 2008, 79 percent of governmental program expenses were funded from general revenues consisting of the combination of property taxes, revenue sharing from the State of Michigan, interest earnings, and reserves as depicted on the following chart.

Revenue by Source – Governmental Activities

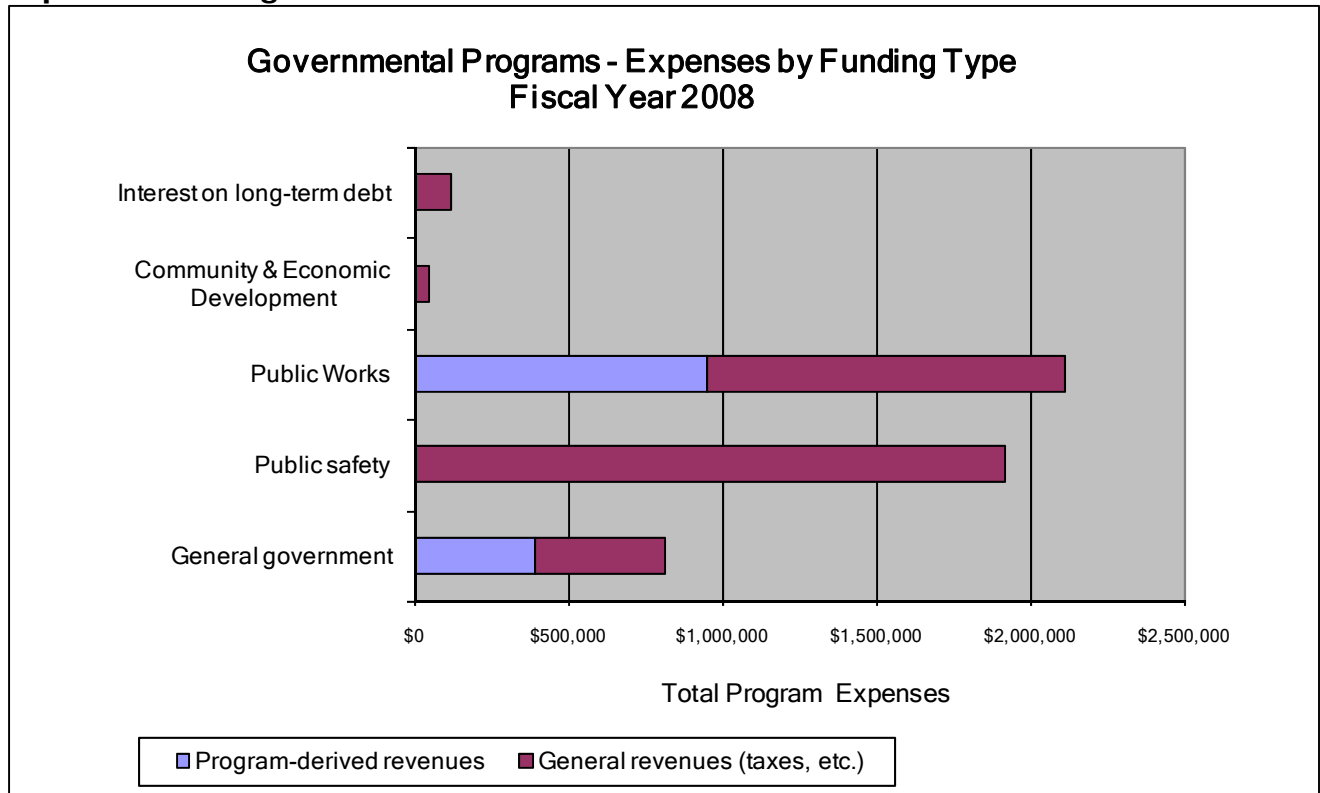


City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

The following chart depicts the total expenses for each governmental program for the City of Three Rivers and the degree to which they are self-supporting and/or subsidized.

Expenses and Program Revenues – Governmental Activities



Business-type Activities

Business-type activities increased the City of Three Rivers' net assets by \$567,085, accounting for 29 percent of the total growth in the government's net assets. Business-type activities of the City of Three Rivers included the Ambulance Fund and Water/Wastewater Funds.

Ambulance Fund - The Ambulance Fund had a decrease of \$94,152 in operating revenues since last year for a total of \$679,049. The decrease is primarily due to an increase in uncollectible ambulance transfer accounts. The operating expenses remained relatively stable during the current fiscal year. The Ambulance Fund still relies on one-mill operating tax levy to supplement the other operating revenues to cover costs. Overall, there was an increase in net assets of \$24,283 due to increased tax revenues and investment income for the year when compared to the previous year.

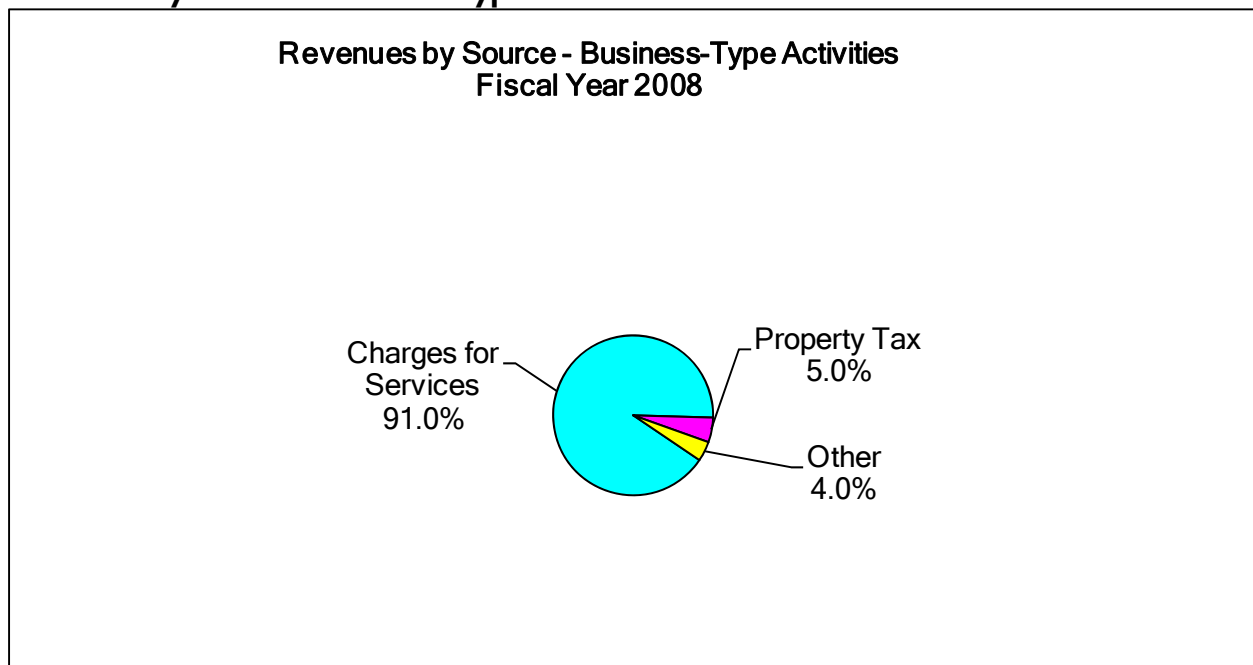
City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

Water/Wastewater Fund - The Water/Wastewater Fund had an increase of \$134,045 in operating revenues since last year for a total of \$3,089,804. The operating expenses decreased by \$109,421, which is mainly due to an overall reduction in professional services and utility usage charges. The City is continuing efforts to replace old meters and identifying issues related to the lost revenues due to water loss. Overall, there was an increase in net assets of \$542,702 for the fiscal year.

In contrast to governmental activities, business-type activities are primarily funded through user fees and charges for services. Business-type activities of the City include water, wastewater, and ambulance operations. In 2008, 91 percent of business-type revenues were derived from charges for services, 5 percent from property tax revenues, with the remaining 4 percent attributable to other revenue sources, as depicted in the following chart:

Revenues by Source – Business-type Activities

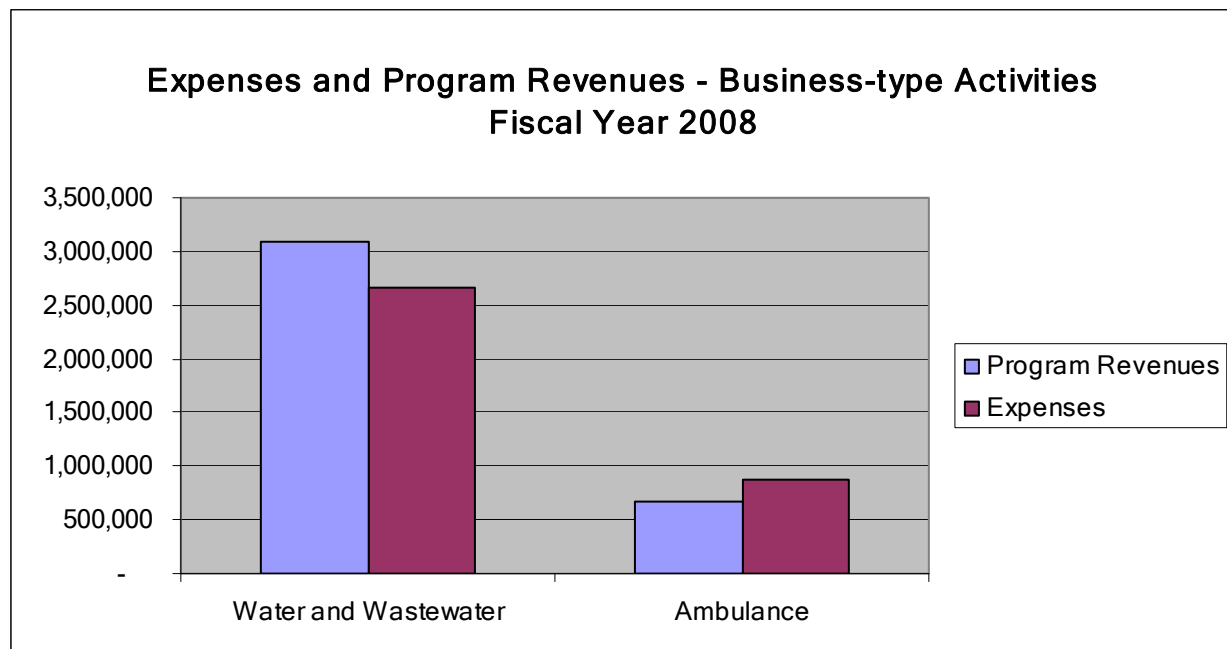


City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

The following chart depicts the total expenses for each business-type activity for the City of Three Rivers and the degree to which they are self-supporting and/or subsidized.

Expenses and Program Revenues – Business Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Three Rivers uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the City of Three Rivers' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Three Rivers' financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,508,643, an increase of \$1,482,469 in comparison to the prior year. Approximately 86.6 percent of the combined fund balances, or \$3,040,386, was available for spending at the government's discretion ("unreserved fund balance"). However of that amount, \$2,303,926 was attributable to Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds. Fund balances in those funds must be used for their intended purposes.

General Fund Budgetary Highlights

The General Fund is the chief operating fund of the City of Three Rivers. The fund balance of the City of Three Rivers' General Fund was increased by \$476,147 during the current fiscal year. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$736,460, while total fund balance reached \$1,204,717.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 20 percent of total General Fund expenditures, while total fund balance represents 33 percent of that same amount.

The most significant category is public safety, which includes mostly police and fire, and which incurred expenses of \$1,916,180 in 2008 or 53 percent of the total General Fund expenditures.

The City has a solid waste millage of .6250 mills that generated \$125,530 to offset a portion of the annual cost of dump passes supplied to residents, and a portion of the annual city-wide leaf pickup program costs that are included in the total \$486,787 of public works activity expenditures for this fiscal year.

The \$384,501 total of other community services category includes expenditures of the parks department activity in the amount of \$188,711 and the City's general liability insurance in the amount of \$68,179. Other costs under this caption are contributions for participation in the St. Joseph County Economic Group, employee benefits, and other professional fees relating to prospecting on new economic development leads. Transfers out for the General Fund includes \$85,509 for debt service obligations for the undeveloped land deed to the City for economic development.

City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

As shown in the required supplemental information, the City had originally budgeted operational expenditures of \$4,079,728. During the course of the year, the City required no changes to the budgeted expenditures. Actual operating results were favorable and in excess of the budget \$351,704, resulting in overall positive results of \$427,002. The significant budget-to-actual differences were a result of all City departments consciously reducing expenditures within their departments without cutting service to the citizens. All departments are aware of the budget crisis in the state of Michigan, the instability of the level of state-shared revenues that the City receives, and the need for the City to build up the General Fund balance to be used in case of emergencies. Armed with this information, all departments made an impressive effort to lower their operating costs during this fiscal year which resulted in the increased amount of undesignated, unreserved fund balance.

Proprietary Funds

The City of Three Rivers' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Ambulance Fund at the end of the year amount to \$711,993, and those for the water/wastewater operation amount to \$2,626,384. The total growth in net assets for both funds was \$24,383 and \$542,702, respectively.

Capital Asset and Debt Administration

Capital Assets - The City of Three Rivers' investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounts to \$29,202,593 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings, improvement and systems, machinery and equipment, and finally, office furnishings.

Major capital assets events during the current fiscal year included the following:

- Completion of a \$304 thousand Wastewater Clarifier project
- Construction, reconstruction, or widening of streets and sidewalks in the amount of \$479 thousand

City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

City of Three Rivers' Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 3,062,420	\$ 2,842,304	\$ 254,572	\$ 254,572	\$ 3,316,992	\$ 3,096,876
Construction in progress	328,151	1,865,439	61,016	304,421	389,167	2,169,860
Infrastructure	7,956,046	6,709,663	-	-	7,956,046	6,709,663
Buildings, improvements, and systems	821,651	877,073	13,858,004	14,171,143	14,679,655	15,048,216
Machinery and equipment	922,237	982,526	1,852,598	1,741,408	2,774,835	2,723,934
Office furnishings	85,898	111,073	-	-	85,898	111,073
Total	<u>\$ 13,176,403</u>	<u>\$ 13,388,078</u>	<u>\$ 16,026,190</u>	<u>\$ 16,471,544</u>	<u>\$ 29,202,593</u>	<u>\$ 29,859,622</u>

Additional information on the City of Three Rivers' capital assets can be found in Note 3 - Capital Assets.

Long-term Debt - In total, the City's long-term liabilities decreased \$698,517 to \$11,143,152 during the current fiscal year.

At the end of the current fiscal year, the City had total bonded debt outstanding of \$10,185,000, a decrease from 2007 of \$675,000. Of this amount, \$9,180,000 was comprised of debt backed by the full faith and credit of the government ("general obligation debt"). The remainder of the City's bonded debt represents \$1,005,000 in bonds supported by a special assessment levy for which the government is liable in event of default by the property owners subject to the assessment.

City of Three Rivers' Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 4,526,574	\$ 4,870,022	\$ 5,300,000	\$ 5,665,000	\$ 9,826,574	\$ 10,535,022
Special Assessment Bonds	1,005,000	1,055,000	-	-	1,005,000	1,055,000
Installment purchase contracts	126,632	55,334	-	-	126,632	55,334
Compensated absences	114,388	99,944	70,558	96,369	184,946	196,313
Total	<u>\$ 5,772,594</u>	<u>\$ 6,080,300</u>	<u>\$ 5,370,558</u>	<u>\$ 5,761,369</u>	<u>\$ 11,143,152</u>	<u>\$ 11,841,669</u>

Michigan statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total state equalized valuation. The current debt limitation for the City was \$13,931,504, which was significantly in excess of the City's \$9.8 million in outstanding general obligation debt.

Additional information on the City of Three Rivers' long-term debt can be found in Note 6 - Long-term Debt.

City of Three Rivers, Michigan

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The City's budget for next fiscal year reflects stable state-shared revenues. However, Michigan's current economic condition continues to put statutory revenue-sharing payments at risk of being reduced. To address these fiscal challenges, the City has enacted a number of budgeting measures over the past several years, including reductions in staffing and certain support area service levels.

The City Commission has adopted a conservative budget that facilitates community priorities and the continuance of expected levels of service to the public.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Director, 333 West Michigan, Three Rivers, MI 49093.

City of Three Rivers, Michigan

Statement of Net Assets June 30, 2008

	Primary Government			Component
	Governmental	Business-type		Units
	Activities	Activities	Total	
Assets				
Cash and cash equivalents (Note 2)	\$ 1,837,972	\$ 1,255,383	\$ 3,093,355	\$ 231,441
Investments (Note 2)	1,285,291	1,231,321	2,516,612	413,586
Receivables - Net:				
Customers	-	1,010,768	1,010,768	-
Special assessments	644,322	-	644,322	-
Accrued interest	13,449	-	13,449	2,787
Other	496,218	11,590	507,808	12,884
Internal balances	(86,656)	86,656	-	-
Due from other governmental units	109,480	-	109,480	-
Prepaid expenses and other assets	210,055	-	210,055	-
Land held for sale	557,000	-	557,000	-
Capital assets - Net (Note 3):				
Assets not being depreciated	3,390,571	315,588	3,706,159	652,786
Depreciated assets	9,785,832	15,710,602	25,496,434	311,098
Total assets	18,243,534	19,621,908	37,865,442	1,624,582
Liabilities				
Accounts payable	65,676	69,807	135,483	23,782
Accrued and other liabilities	205,925	116,976	322,901	21,363
Unearned revenue (Note 4)	649	-	649	-
Noncurrent liabilities (Note 6):				
Due within one year	420,826	370,000	790,826	12,581
Due in more than one year	5,237,380	4,930,000	10,167,380	50,374
Compensated absences:				
Due within one year	14,299	8,820	23,119	-
Due in more than one year	100,089	61,738	161,827	-
Total liabilities	6,044,844	5,557,341	11,602,185	108,100
Net Assets				
Invested in capital assets - Net of related debt	7,518,197	10,726,190	18,244,387	900,929
Restricted:				
Highways and streets	1,399,184	-	1,399,184	-
Nonexpendable - Cemetery perpetual care	207,327	-	207,327	-
Construction - Infrastructure	644,322	-	644,322	-
Unrestricted	2,429,660	3,338,377	5,768,037	615,553
Total net assets	<u>\$ 12,198,690</u>	<u>\$ 14,064,567</u>	<u>\$ 26,263,257</u>	<u>\$ 1,516,482</u>

City of Three Rivers, Michigan

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions Capital Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 812,526	\$ 214,098	\$ 15,850
Public safety	1,920,638	-	-
Public works	2,115,254	58,156	573,756
Community and economic development	49,442	-	-
Interest on long-term debt	117,251	-	-
Total governmental activities	5,015,111	272,254	589,606
Business-type activities:			
Water and wastewater	2,660,763	3,089,804	-
Ambulance	882,647	679,049	-
Total business-type activities	3,543,410	3,768,853	-
Total primary government	<u>\$ 8,558,521</u>	<u>\$ 4,041,107</u>	<u>\$ 589,606</u>
Component units:			
Industrial Development Authority	\$ 23,052	\$ -	\$ -
Downtown Development Authority	214,158	-	-
Brownfield Redevelopment Authority	-	-	-
Library operations	455,831	12,695	90,671
Total component units	<u>\$ 693,041</u>	<u>\$ 12,695</u>	<u>\$ 90,671</u>
General revenues:			
Property taxes			
State-shared revenues - Unrestricted			
Unrestricted investment earnings			
Miscellaneous			
Total general revenues			
Change in Net Assets			
Net Assets - Beginning of year			
Net Assets - End of year			

Statement of Activities
Year Ended June 30, 2008

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (419,608)	\$ -	\$ (419,608)	\$ -
(1,920,638)	-	(1,920,638)	-
(1,160,980)	-	(1,160,980)	-
(49,442)	-	(49,442)	-
(117,251)	-	(117,251)	-
(3,667,919)	-	(3,667,919)	-
-	429,041	429,041	-
-	(203,598)	(203,598)	-
-	225,443	225,443	-
(3,667,919)	225,443	(3,442,476)	-
-	-	-	(23,052)
-	-	-	(214,158)
-	-	-	-
-	-	-	(352,465)
-	-	-	(589,675)
3,505,164	201,403	3,706,567	605,420
907,279	-	907,279	-
214,940	140,239	355,179	45,239
454,048	-	454,048	97,932
5,081,431	341,642	5,423,073	748,591
1,413,512	567,085	1,980,597	158,916
10,785,178	13,497,482	24,282,660	1,357,566
\$ 12,198,690	\$ 14,064,567	\$ 26,263,257	\$ 1,516,482

City of Three Rivers, Michigan

Governmental Funds Balance Sheet June 30, 2008

	Special Revenue Funds			Debt Service Funds		Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Major Street Fund	Municipal Street Fund	S/A Bentwaters Project	Special Assessments		
Assets							
Cash and cash equivalents	\$ 696,532	\$ 271,174	\$ 215,259	\$ 87,037	\$ 111,058	\$ 345,648	\$ 1,726,708
Investments	418,179	46,896	283,034	188,689	593	322,144	1,259,535
Receivables:							
Special assessments	-	-	-	208,584	435,738	-	644,322
Accrued interest	5,207	125	4,734	484	3	2,794	13,347
Other	56,747	93,098	322,362	-	-	24,011	496,218
Due from other funds	828	10,359	-	-	-	6,426	17,613
Due from other governmental units	109,480	-	-	-	-	-	109,480
Other assets	32,764	-	-	-	-	-	32,764
Inventories and prepaids	177,291	-	-	-	-	-	177,291
Land held for sale	-	-	-	-	557,000	-	557,000
Total assets	<u>\$ 1,497,028</u>	<u>\$ 421,652</u>	<u>\$ 825,389</u>	<u>\$ 484,794</u>	<u>\$ 1,104,392</u>	<u>\$ 701,023</u>	<u>\$ 5,034,278</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 42,577	\$ 5,302	\$ 1,388	\$ -	\$ -	\$ 2,387	\$ 51,654
Accrued and other liabilities	145,327	690	18,267	-	-	30,173	194,457
Due to other funds	104,407	299	-	-	-	190	104,896
Deferred revenue	-	-	-	208,585	965,394	649	1,174,628
Total liabilities	292,311	6,291	19,655	208,585	965,394	33,399	1,525,635
Fund Balances							
Reserved (Note 7)	177,291	-	-	-	-	-	177,291
Unreserved:							
Designated (Note 7)	290,966	-	-	-	-	-	290,966
Undesignated, reported in:							
General Fund	736,460	-	-	-	-	-	736,460
Special Revenue Funds	-	415,361	805,734	-	-	181,687	1,402,782
Capital Projects Funds	-	-	-	-	-	278,610	278,610
Debt Service Funds	-	-	-	276,209	138,998	-	415,207
Permanent Funds	-	-	-	-	-	207,327	207,327
Total fund balances	<u>1,204,717</u>	<u>415,361</u>	<u>805,734</u>	<u>276,209</u>	<u>138,998</u>	<u>667,624</u>	<u>3,508,643</u>
Total liabilities and fund balances	<u>\$ 1,497,028</u>	<u>\$ 421,652</u>	<u>\$ 825,389</u>	<u>\$ 484,794</u>	<u>\$ 1,104,392</u>	<u>\$ 701,023</u>	<u>\$ 5,034,278</u>
Total Fund Balance - Governmental Funds							\$ 3,508,643
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and are not reported in the funds							13,176,403
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures							1,173,979
Long-term liabilities are not due and payable in the current period and are not reported in the funds							(5,772,594)
Internal Service Funds are included as part of governmental activities (net of capital assets and debt included above)							112,259
Net assets of governmental activities							<u>\$ 12,198,690</u>

City of Three Rivers, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2008

	Special Revenue Funds			Debt Service Funds		Other	Total
	General	Major Street	Municipal	S/A	Special	Nonmajor	Total
	Fund	Fund	Street	Bentwaters	Assessments	Governmental	Governmental
				Project		Funds	Funds
Revenue							
Property taxes	\$ 2,559,023		\$ 946,141	\$ -	\$ -	\$ -	\$ 3,505,164
Licenses and permits	104,913	-	-	-	-	-	104,913
Federal grants	10,000	-	-	-	-	167,970	177,970
State-shared revenues and grants	907,279	415,664	322,362	-	-	158,092	1,803,397
Charges for services	315,696	-	-	-	-	-	315,696
Investment income and rentals	117,933	12,136	16,477	34,797	23,318	27,041	231,702
Other	189,327	348	60,576	146,227	53,524	950	450,952
Total revenue	4,204,171	428,148	1,345,556	181,024	76,842	354,053	6,589,794
Expenditures - Current							
General government	842,197	-	-	-	-	-	842,197
Public safety	1,916,180	-	-	-	-	-	1,916,180
Public works	486,787	245,889	811,562	-	-	220,564	1,764,802
Community and economic development	-	-	-	51,601	85,645	62,399	199,645
Other community services	384,501	-	-	-	-	-	384,501
Total expenditures	3,629,665	245,889	811,562	51,601	85,645	282,963	5,107,325
Excess of Revenue Over (Under) Expenditures	574,506	182,259	533,994	129,423	(8,803)	71,090	1,482,469
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	85,509	87,850	173,359
Transfers out	(98,359)	(75,000)	-	-	-	-	(173,359)
Total other financing sources (uses)	(98,359)	(75,000)	-	-	85,509	87,850	-
Net Change in Fund Balances	476,147	107,259	533,994	129,423	76,706	158,940	1,482,469
Fund Balances - Beginning of year	728,570	308,102	271,740	146,786	62,292	508,684	2,026,174
Fund Balances - End of year	<u>\$ 1,204,717</u>	<u>\$ 415,361</u>	<u>\$ 805,734</u>	<u>\$ 276,209</u>	<u>\$ 138,998</u>	<u>\$ 667,624</u>	<u>\$ 3,508,643</u>

City of Three Rivers, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 1,482,469
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Asset purchases	513,380
Depreciation	(796,707)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(199,817)
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Debt payments are not reported as expenditures on the statement of activities	393,448
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Increase in accrued accumulated benefits	(14,444)
--	----------

Internal Service Funds are also included as governmental activities	<u>35,183</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 1,413,512</u></u>
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City of Three Rivers, Michigan

Proprietary Funds Statement of Net Assets June 30, 2008

	Enterprise Funds			Internal
	Ambulance	Water/ Wastewater	Total	Service
Assets				
Current assets:				
Cash and cash equivalents	\$ 216,419	\$ 1,038,964	\$ 1,255,383	\$ 111,264
Investments	282,321	949,000	1,231,321	25,756
Receivables:				
Customers	215,595	795,173	1,010,768	-
Other	1,883	9,707	11,590	102
Due from other funds	35,683	51,282	86,965	703
Total current assets	751,901	2,844,126	3,596,027	137,825
Noncurrent assets - Capital assets	99,152	15,927,038	16,026,190	320,282
Total assets	851,053	18,771,164	19,622,217	458,107
Liabilities				
Current liabilities:				
Accounts payable	4,431	65,376	69,807	14,022
Accrued and other liabilities	35,477	152,057	187,534	11,468
Due to other funds	-	309	309	76
Current portion of long-term debt	-	370,000	370,000	22,378
Total current liabilities	39,908	587,742	627,650	47,944
Long-term debt - Net of current portion	-	4,930,000	4,930,000	104,255
Total liabilities	39,908	5,517,742	5,557,650	152,199
Net Assets				
Investment in capital assets - Net of related debt	99,152	10,627,038	10,726,190	193,649
Unrestricted	711,993	2,626,384	3,338,377	112,259
Total net assets	<u>\$ 811,145</u>	<u>\$ 13,253,422</u>	<u>\$ 14,064,567</u>	<u>\$ 305,908</u>

City of Three Rivers, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2008

	Enterprise Funds			Internal
	Ambulance	Water/ Wastewater	Total	Service
Operating Revenue				
Charges for services	\$ 675,861	\$ 3,049,937	\$ 3,725,798	\$ 428,069
Other	3,188	39,867	43,055	-
Total operating revenue	679,049	3,089,804	3,768,853	428,069
Operating Expenses				
Operations	829,314	1,928,965	2,758,279	310,881
Capital outlay	739	-	739	-
Depreciation	52,594	635,461	688,055	85,541
Total operating expenses	882,647	2,564,426	3,447,073	396,422
Operating Income (Loss)	(203,598)	525,378	321,780	31,647
Nonoperating Revenue (Expense)				
Investment income	26,578	113,661	140,239	6,999
Interest expense	-	(96,337)	(96,337)	(3,463)
Property taxes	201,403	-	201,403	-
Total nonoperating revenues (expenses)	227,981	17,324	245,305	3,536
Change in Net Assets	24,383	542,702	567,085	35,183
Net Assets - Beginning of year	786,762	12,710,720	13,497,482	270,725
Net Assets - End of year	<u>\$ 811,145</u>	<u>\$ 13,253,422</u>	<u>\$ 14,064,567</u>	<u>\$ 305,908</u>

City of Three Rivers, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2008

	Enterprise Funds			Internal Service
	Ambulance	Water/ Wastewater	Total	
Cash Flows from Operating Activities				
Receipts from customers	\$ 667,083	\$ 2,936,871	\$ 3,603,954	\$ 427,577
Payments to employees	(487,422)	(607,918)	(1,095,340)	(47,777)
Payments to suppliers	(330,932)	(1,361,915)	(1,692,847)	(254,945)
Net cash provided by (used in) operating activities	(151,271)	967,038	815,767	124,855
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(1,551)	(241,149)	(242,700)	(77,694)
Principal and interest paid on capital debt	-	(461,337)	(461,337)	(11,665)
Net cash used in capital and related financing activities	(1,551)	(702,486)	(704,037)	(89,359)
Cash Flows from Noncapital and Related Financing Activities - Property taxes	201,403	-	201,403	-
Cash Flows from Investing Activities				
Interest received on investments	26,578	113,661	140,239	6,999
Sale of investment securities	83,417	534,086	617,503	(4,968)
Net cash provided by investing activities	109,995	647,747	757,742	2,031
Net Increase in Cash and Cash Equivalents	158,576	912,299	1,070,875	37,527
Cash and Cash Equivalents - Beginning of year	57,843	126,665	184,508	73,737
Cash and Cash Equivalents - End of year	\$ 216,419	\$ 1,038,964	\$ 1,255,383	\$ 111,264
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ (203,598)	\$ 525,378	\$ 321,780	\$ 31,647
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	52,594	635,461	688,055	85,541
Changes in assets and liabilities:				
Receivables/Due from other funds	(11,966)	(152,933)	(164,899)	(492)
Other assets	14,920	21,283	36,203	3,111
Accounts payable	(1,435)	20,920	19,485	1,282
Accrued and other liabilities	(1,786)	(83,071)	(84,857)	3,766
Net cash provided by (used in) operating activities	\$ (151,271)	\$ 967,038	\$ 815,767	\$ 124,855

Noncash Investing, Capital, and Financing Activities - During the year ended June 30, 2008, the Internal Service Fund purchased a vehicle with debt proceeds of \$79,500.

City of Three Rivers, Michigan

Fiduciary Funds Statement of Assets and Liabilities June 30, 2008

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 29,376
Taxes receivable	<u>96,821</u>
Total assets	<u>\$ 126,197</u>
Liabilities	
Due to other governmental units	\$ 96,821
Other payables	<u>29,376</u>
Total liabilities	<u>\$ 126,197</u>

City of Three Rivers, Michigan

Component Units Statement of Net Assets June 30, 2008

	Industrial Development Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Library Operations	Totals
Assets					
Cash and cash equivalents	\$ 22,224	\$ 31,911	\$ 3,726	\$ 173,580	\$ 231,441
Investments	72,061	34,383	8,079	299,063	413,586
Accounts receivable	1,459	225	39	13,948	15,671
Capital assets	<u>570,551</u>	<u>200,082</u>	<u>-</u>	<u>193,251</u>	<u>963,884</u>
Total assets	666,295	266,601	11,844	679,842	1,624,582
Liabilities					
Accounts payable	-	12,886	-	10,730	23,616
Accrued and other liabilities	126	15,148	-	6,255	21,529
Bonds payable	<u>62,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,955</u>
Total liabilities	<u>63,081</u>	<u>28,034</u>	<u>-</u>	<u>16,985</u>	<u>108,100</u>
Net Assets					
Investment in capital assets -					
Net of related debt	507,596	200,082	-	193,251	900,929
Unrestricted	<u>95,618</u>	<u>38,485</u>	<u>11,844</u>	<u>469,606</u>	<u>615,553</u>
Total net assets	<u>\$ 603,214</u>	<u>\$ 238,567</u>	<u>\$ 11,844</u>	<u>\$ 662,857</u>	<u>\$ 1,516,482</u>

City of Three Rivers, Michigan

		Program Revenues	
	Expenses	Charges for Services	Operating Grants/Contributions
Governmental activities:			
Industrial Development Authority - Public services	\$ 23,052	\$ -	\$ -
Downtown Development Authority - Public services	214,158	-	-
Brownfield Redevelopment Authority - Public services	-	-	-
Library operations - Public services	455,831	12,695	90,671
Total governmental activities	<u>\$ 693,041</u>	<u>\$ 12,695</u>	<u>\$ 90,671</u>
General revenue:			
Property taxes			
Miscellaneous			
General revenues - Interest			
Total general revenue			
Change in Net Assets			
Net Assets - Beginning of year			
Net Assets - End of year			

**Component Units
Statement of Activities
Year Ended June 30, 2008**

Net (Expense) Revenue and Changes in Net Assets				
Industrial Development Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Library Operations	Total
\$ (23,052)	\$ -	\$ -	\$ -	\$ (23,052)
-	(214,158)	-	-	(214,158)
-	-	-	-	-
-	-	-	(352,465)	(352,465)
(23,052)	(214,158)	-	(352,465)	(589,675)
40,418	208,231	8,444	348,327	605,420
-	22,862	-	75,070	97,932
7,066	3,105	360	34,708	45,239
47,484	234,198	8,804	458,105	748,591
24,432	20,040	8,804	105,640	158,916
578,782	218,527	3,040	557,217	1,357,566
\$ 603,214	\$ 238,567	\$ 11,844	\$ 662,857	\$ 1,516,482

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Three Rivers (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Three Rivers.

Reporting Entity

The City of Three Rivers, Michigan is a municipal corporation governed by an elected mayor and six-member City Commission. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Three Rivers, Michigan (the primary government) and its component units. The discretely presented component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Units - Financial data of the following component units are included in the component units columns in the basic financial statements. The component units do not issue separate financial statements. They are reported in a separate column to emphasize that they are legally separate from the City. A voting majority of the governing bodies of each of these component units is appointed by the City Commission.

- a. The Downtown Development Authority (the DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's budget is subject to approval by the City Commission.
- b. The Industrial Development Authority (the IDA) was created to develop and promote industrial districts. The governing board consists of seven members appointed by the City Commission, two members appointed by Three Rivers Community Schools, and one each appointed by Glen Oaks Community College and St. Joseph County. The IDA's budget is subject to approval by the City Commission.
- c. The Library was created to provide the public with resources for reading, viewing, and audio entertaining and enlightenment. Significant corporate powers have been bestowed upon the Library. The Library's budget is subject to approval by the City Commission.
- d. The Brownfield Redevelopment Authority (the BRA) was created to encourage the redevelopment of contaminated property within the City by providing economic incentives through tax increment financing for certain eligible activities and Brownfield Redevelopment Authority single business tax credits. The BRA's budget is subject to approval by the City Commission.

Note I - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, component units, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund and component unit financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability, and receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to compensated absences are recorded only when payment is due.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Street Fund - The Major Street Fund accounts for the construction, maintenance, and repairs of all major streets. Revenue received includes state-shared gas and weight taxes, local contributions, and bonding. It is used to control the expenditures of motor fuel taxes, which are earmarked by law and the State Constitution for street and highway purposes, and is required by Act 51 of the Public Acts of 1951, as amended.

Municipal Street Fund - The Municipal Street Fund accounts for local road improvement projects not provided for under Act 51 of the Public Acts of 1951, as amended. Revenues received include road improvement millage passed by St. Joseph County and City street and sidewalk millage passed by City electorate.

S/A Bentwaters Project Fund - The S/A Bentwaters Project Fund accounts for the repayment of special assessment bonds issued for the purpose of purchasing infrastructure in accordance with a development agreement between a developer and the City.

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Assessments Fund - The Special Assessments Fund was established to account for various capital improvement projects throughout the City funded by special assessments.

The City reports the following major proprietary funds:

Water/Wastewater Fund - The Water/Wastewater Fund accounts for the operation and maintenance of the water and wastewater systems, capital additions and improvements, and retirement of revenue bonds. Financing is provided by user charges, property taxes, and contributions from other municipalities and customers. This fund also accounts for collections of the City's water and sewer billing surcharge that is earmarked for assistance in funding water and sewer line repairs.

Ambulance Fund - The Ambulance Fund accounts for operations of the City's ambulance service. Money for the operation of this fund is provided by user charges.

Additionally, the City reports the following fund types:

Internal Service Fund - The Internal Service Fund accounts for major vehicle and equipment purchases and maintenance provided to other departments of the City on a cost reimbursement basis.

General Trust and Agency and Tax Collections - The Agency Funds account for assets held by the City in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water/wastewater function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 1 - Summary of Significant Accounting Policies (Continued)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water/Wastewater Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Property taxes are levied on each July 1 and December 1 based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2007 tax is levied and collectible on July 1, 2007 and is recognized as revenue in the year ended June 30, 2008, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2007 taxable valuation of the City totaled \$181.7 million (a portion of which is abated and a portion of which is captured by the TIFA and DDA), on which taxes levied consisted of 11.4253 mills for operating purposes, 1.0000 mills for ambulance services, .6250 mills for solid waste services, .9932 mills for the improvement of local roads, and 3.6759 mills for the improvement of City streets and sidewalks. This resulted in \$1.9 million for general operating, \$168,000 for ambulance services, \$105,000 for solid waste, \$170,000 for local roads, and \$621,000 for City streets and sidewalks. These amounts are recognized in the respective General Fund, Special Revenue Fund, and Enterprise Fund financial statements as tax revenue.

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2007 taxable valuation of the City for Industrial Facilities Tax (IFT) totaled \$65.5 million for summer 2007 and winter 2007, on which taxes levied consisted of 5.71265 mills for operating purposes, .5000 mills for ambulance services, .3125 mills for solid waste services, .4966 mills for the improvement of local roads, and 1.83795 mills for the improvement of City streets and sidewalks. This resulted in \$374,000 for general operating, \$33,000 for ambulance services, \$20,000 for solid waste, \$33,000 for local roads, and \$121,000 for City streets and sidewalks.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include amounts in demand deposits, as well as highly liquid investments with an original maturity of three months or less. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments are recorded at fair value, based on quoted market prices.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible accounts.

Inventories and Prepaid Items - Inventories in the proprietary funds are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Note I - Summary of Significant Accounting Policies (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	7 to 20 years
Land improvements	20 to 40 years
Leasehold improvements	5 years
Water and sewer distribution systems	40 to 75 years
Buildings and improvements	40 to 50 years
Vehicles	3 to 5 years
Outdoor items	5 to 20 years
Office furnishings	3 to 7 years
Books	5 years

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The cash and investments of the component units of the City are commingled with all the City's cash and investments.

The City has designated three banks for the deposit of its funds. The investment policy adopted by the City includes all investments allowed by Public Act 196 of 1997. The City's investments are in compliance with this policy. The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$3,945,153 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 2 - Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Maturity Date
FNMA GTD Pass-through Pool	\$ 285,058	March 15, 2034
FNMA GTD Pass-through Pool	11,515	March 1, 2028
Federal Home Loan Bank Bond	800,000	July 16, 2018
Government National Mortgage Association Pool	292,771	May 15, 2022
Government National Mortgage Association Pool	354,539	March 20, 2037
Federal Home Loan Mortgage Corp	483,892	March 1, 2032

Credit Risk - The City does not specifically identify credit risk in the investment policy adopted by the City. The City holds investments in U.S. governmental agencies that are all rated AAA by Standard and Poor's.

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 3 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2007	Additions	Disposals and Adjustments	Transfers	Balance June 30, 2008
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 2,842,304	\$ -	\$ -	\$ 220,116	\$ 3,062,420
Construction in progress	1,865,439	328,151	-	(1,865,439)	328,151
Net capital assets not being depreciated	4,707,743	328,151	-	(1,645,323)	3,390,571
Capital assets being depreciated:					
Infrastructure	7,609,604	163,032	-	1,645,323	9,417,959
Land improvements	146,020	-	-	-	146,020
Buildings and improvements	2,195,148	-	-	-	2,195,148
Vehicles	1,767,388	150,445	-	-	1,917,833
Office furnishings	574,293	13,859	-	-	588,152
Outdoor items	1,122,230	3,837	-	-	1,126,067
Other tools and equipment	1,694,645	11,250	(69,000)	-	1,636,895
Subtotal	15,109,328	342,423	(69,000)	1,645,323	17,028,074
Accumulated depreciation:					
Infrastructure	899,941	561,972	-	-	1,461,913
Land improvements	14,602	-	-	-	14,602
Buildings and improvements	1,449,493	55,422	-	-	1,504,915
Vehicles	1,425,889	110,435	-	-	1,536,324
Office furnishings	463,220	39,034	-	-	502,254
Outdoor items	834,368	39,861	-	-	874,229
Other tools and equipment	1,341,480	75,525	(69,000)	-	1,348,005
Subtotal	6,428,993	882,249	(69,000)	-	7,242,242
Net capital assets being depreciated	8,680,335	(539,826)	-	1,645,323	9,785,832
Net capital assets	\$ 13,388,078	\$ (211,675)	\$ -	\$ -	\$ 13,176,403

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 3 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2007	Additions	Disposals and Adjustments	Transfers	Balance June 30, 2008
Capital assets not being depreciated:					
Land	\$ 254,572	\$ -	\$ -	\$ -	\$ 254,572
Construction in process	304,421	61,016	-	(304,421)	61,016
Net capital assets not being depreciated	558,993	61,016	-	(304,421)	315,588
Capital assets being depreciated:					
Water and sewer distribution systems	30,425,705	125,190	-	-	30,550,895
Buildings and improvements	5,294,071	-	-	-	5,294,071
Vehicles and equipment	3,826,079	56,495	(13,553)	304,421	4,173,442
Total cost	39,545,855	181,685	(13,553)	304,421	40,018,408
Accumulated depreciation:					
Water and sewer distribution systems	19,371,611	328,742	-	-	19,700,353
Buildings and improvements	2,177,022	109,587	-	-	2,286,609
Vehicles and equipment	2,084,671	249,726	(13,553)	-	2,320,844
Total accumulated depreciation	23,633,304	688,055	(13,553)	-	24,307,806
Net capital assets being depreciated	15,912,551	(506,370)	-	304,421	15,710,602
Net capital assets	\$ 16,471,544	\$ (445,354)	\$ -	\$ -	\$ 16,026,190

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 3 - Capital Assets (Continued)

Capital asset activity for the City of Three Rivers' component units for the year ended June 30, 2008 was as follows:

	July 1, 2007	Additions	Disposals and Adjustments	Transfers	Balance June 30, 2008
Capital assets not being depreciated -					
Land	\$ 652,786	\$ -	\$ -	\$ -	\$ 652,786
Capital assets being depreciated:					
Land improvements	135,492	-	-	-	135,492
Leasehold improvements	280,374	-	-	-	280,374
Office furnishings	294,168	40,061	-	-	334,229
Books	730,462	83,447	(7,200)	-	806,709
Total cost	1,440,496	123,508	(7,200)	-	1,556,804
Accumulated depreciation:					
Land improvements	8,243	9,484	-	-	17,727
Leasehold improvements	279,564	176	-	-	279,740
Office furnishings	255,370	19,220	-	-	274,590
Books	652,739	28,110	(7,200)	-	673,649
Total accumulated depreciation	1,195,916	56,990	(7,200)	-	1,245,706
Net capital assets being depreciated	244,580	66,518	-	-	311,098
Net capital assets	<u>\$ 897,366</u>	<u>\$ 66,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 963,884</u>

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 3 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 96,649
Public safety	189,444
Public works	564,899
Community and economic development	<u>31,257</u>

Total governmental activities	<u><u>\$ 882,249</u></u>
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Business-type activities:

Water	\$ 74,661
Sewer	560,800
Ambulance	<u>52,594</u>

Total business-type activities	<u><u>\$ 688,055</u></u>
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Construction Commitments - The City has active construction projects at year end. The City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Economic development	<u>\$ -</u>	<u>\$ 455,966</u>

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 4 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. In addition, governmental funds and governmental activities on the government-wide statements defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ 616,979	\$ -
Land held for resale	522,000	-
Capital grants	-	649
Total	<u>\$ 1,138,979</u>	<u>\$ 649</u>

Note 5 - Interfund Due To/From, Advances, Transfers, and Contributions

Interfund due to and due from reported in the fund financial statements are comprised of the following:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
Ambulance Fund	General Fund	\$ 35,683
Sewer Fund	General Fund	34,128
Water Fund	General Fund	17,154
Major Street Fund	General Fund	10,359
Local Street Fund	General Fund	6,426
Vehicle Fund	General Fund	657
General Fund	Major Street Fund	299
General Fund	Water Fund	52
General Fund	Sewer Fund	257
General Fund	Local Street Fund	144
General Fund	Vehicle Fund	76
Vehicle Fund	CDBG Grant Fund	46
General Fund	Rental Rehab Grant Fund	1
Total		<u>\$ 105,282</u>

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 5 - Interfund Due To/From, Advances, Transfers, and Contributions (Continued)

Interfund receivable balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
Major Street Fund	Local Street Fund	\$ 75,000
General Fund	Special Assessment Fund	85,509
General Fund	Neighborhood and Community Development Fund	5,000
General Fund	Riverside Perpetual Care Fund	7,850
	Total	<u>\$ 173,359</u>

The transfer from the Major Street Fund to the Local Street Fund was to cover the cost of maintenance on local streets during the year. The transfer to the Riverside Perpetual Care Fund is in accordance with the City Ordinance to transfer one-third of all cemetery lot sales. The transfer to the Neighborhood and Community Development Fund from the General Fund was to cover administration costs related to the ADR homes. The transfer to the Special Assessment Fund was to cover the debt payment paid in the current year.

Note 6 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Note 6 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
MEDC forgivable loan	0%	2015	\$ 605,000	\$ -	\$ (83,448)	\$ 521,552	\$ 83,448
Land contract - Land purchase	5.00%	2011	125,022	-	-	125,022	-
General obligation bonds - Economic development	2.00%-4.45%	2024	2,300,000	-	(105,000)	2,195,000	105,000
General obligation bonds - Economic development	2.50%-4.35%	2017	1,840,000	-	(155,000)	1,685,000	160,000
Special Assessment bonds - Economic development	3.00%-4.50%	2026	565,000	-	(20,000)	545,000	20,000
Special Assessment bonds - Economic development	3.80%-4.80%	2026	490,000	-	(30,000)	460,000	30,000
Installment purchases - Equipment	4.19%	2012	-	79,500	(2,394)	77,106	16,285
Installment purchases - Equipment	4.80%	2011	55,334	-	(5,808)	49,526	6,093
Subtotal			5,980,356	79,500	(401,650)	5,658,206	420,826
Accumulated employee benefits	-		99,944	91,402	(76,958)	114,388	14,299
Total governmental activities			\$ 6,080,300	\$ 170,902	\$ (478,608)	\$ 5,772,594	\$ 435,125
Business-type Activities							
General obligation bonds - Water/wastewater	1.625%	2021	\$ 5,665,000	\$ -	\$ (365,000)	\$ 5,300,000	\$ 370,000
Accumulated employee benefits	-		96,369	57,126	(82,937)	70,558	8,820
Total business-type activities			\$ 5,761,369	\$ 57,126	\$ (447,937)	\$ 5,370,558	\$ 378,820
Component Unit - Mortgage	6.00%	2013	\$ 74,803	\$ -	\$ (11,848)	\$ 62,955	\$ 12,581

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 6 - Long-term Debt (Continued)

Annual debt service requirements (excluding accumulated employee benefits) to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 420,826	\$ 196,628	\$ 617,454	\$ 370,000	\$ 86,125	\$ 456,125
2010	434,124	187,647	621,771	375,000	80,113	455,113
2011	595,391	174,416	769,807	380,000	74,019	454,019
2012	448,953	190,337	639,290	390,000	67,844	457,844
2013	459,602	146,202	605,804	395,000	61,506	456,506
2014-2018	1,859,310	502,581	2,361,891	2,065,000	209,381	2,274,381
2019-2023	850,000	204,519	1,054,519	1,325,000	43,306	1,368,306
2024-2027	590,000	17,855	607,855	-	-	-
Total	<u>\$ 5,658,206</u>	<u>\$ 1,620,184</u>	<u>\$ 7,278,391</u>	<u>\$ 5,300,000</u>	<u>\$ 622,294</u>	<u>\$ 5,922,294</u>

	Component Units		
	Principal	Interest	Total
2009	\$ 12,581	\$ 3,591	\$ 16,172
2010	13,347	2,825	16,172
2011	14,160	2,012	16,172
2012	15,019	1,153	16,172
2013	7,848	236	8,084
Total	<u>\$ 62,955</u>	<u>\$ 9,817</u>	<u>\$ 72,772</u>

Note 7 - Reserved and Designated Fund Equity

Fund balance has been reserved and designated for the following purposes:

	Reserved	Designated
General Fund:		
Inventories and prepaids	\$ 177,291	\$ -
Police training	-	3,610
Compost equipment	-	255,044
Municipal building maintenance	-	32,312
Total	<u>\$ 177,291</u>	<u>\$ 290,966</u>

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for underground storage tanks, airport liability, and medical benefit claims. The City participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, property loss, torts, and errors and omissions. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 9 - Defined Benefit Pension Plan

Plan Description

The City participates in the Michigan Municipal Employees' Retirement System (MMERS), an agent multiple-employer defined benefit pension plan that covers all full-time employees of the City. The MMERS provides retirement, disability, and death benefits to plan members and their beneficiaries. The MMERS issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the MMERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units and requires a contribution from the employees of up to 7.4 percent, depending on the bargaining unit.

City of Three Rivers, Michigan

Notes to Financial Statements June 30, 2008

Note 9 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost

For the year ended June 30, 2008, the City's annual pension cost of \$262,214 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) no postretirement cost-of-living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of market deviations from the 8 percent assumed rate of return over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

Three-year Trend Information

	Fiscal Year Ended June 30		
	2006	2007	2008
Annual pension costs (APC)	\$ 251,151	\$ 303,898	\$ 262,214
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
	Actuarial Date as of December 31		
	2005	2006	2007
Actuarial value of assets	\$ 9,157,657	\$ 9,806,804	\$ 10,480,169
Actuarial accrued liability (AAL) (entry age)	\$ 10,860,151	\$ 11,296,120	\$ 12,425,675
Unfunded AAL (UAAL)	\$ 1,702,494	\$ 1,489,316	\$ 1,945,506
Funded ratio	84%	87%	84%
Valuation payroll	\$ 3,012,335	\$ 2,966,472	\$ 2,691,922
UAAL as a percentage of covered payroll	57%	50%	72%

Required Supplemental Information

City of Three Rivers, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,590,834	\$ 2,590,834	\$ 2,559,023	\$ (31,811)
Licenses and permits	81,200	81,200	104,913	23,713
Federal grants	-	-	10,000	10,000
State grants	890,400	890,400	907,279	16,879
Charges for services	318,297	318,297	315,696	(2,601)
Investment income and rentals	47,000	47,000	117,933	70,933
Miscellaneous	201,142	201,142	189,327	(11,815)
Total revenue	4,128,873	4,128,873	4,204,171	75,298
Expenditures				
General government:				
City commission	21,415	21,415	20,180	1,235
City manager	128,036	128,036	118,453	9,583
Legal and professional	120,000	82,000	86,347	(4,347)
City assessor	58,917	58,917	55,213	3,704
City clerk	75,713	75,713	74,402	1,311
Boards, committees, and commissions	3,400	3,400	1,107	2,293
Finance department	282,378	254,378	222,072	32,306
Building and grounds	118,278	118,278	99,574	18,704
Administrative services	82,502	82,502	77,373	5,129
Cemetery	100,020	100,020	87,476	12,544
Total general government	990,659	924,659	842,197	82,462
Public safety:				
Police	1,506,492	1,531,492	1,474,434	57,058
Fire	403,264	403,264	352,530	50,734
Inspections	76,438	85,438	80,308	5,130
Hazardous structures	15,000	15,000	259	14,741
Planning	17,250	17,250	8,649	8,601
Total public safety	2,018,444	2,052,444	1,916,180	136,264

City of Three Rivers, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Public works:				
General maintenance	\$ 127,917	\$ 94,917	\$ 83,949	\$ 10,968
Street lighting	81,750	81,750	71,531	10,219
Solid waste management	126,398	126,398	122,674	3,724
Airport	185,753	210,753	208,633	2,120
Total public works	521,818	513,818	486,787	27,031
Culture and recreation - Parks and recreation	286,681	286,681	188,711	97,970
Other functions:				
Transfers out	56,559	98,359	98,359	-
Insurance and bonds	74,285	74,285	68,179	6,106
Special projects	131,282	129,482	127,611	1,871
Total other functions	262,126	302,126	294,149	7,977
Total expenditures	4,079,728	4,079,728	3,728,024	351,704
Excess of Revenue Over Expenditures	49,145	49,145	476,147	427,002
Fund Balance - Beginning of year	728,570	728,570	728,570	-
Fund Balance - End of year	<u>\$ 777,715</u>	<u>\$ 777,715</u>	<u>\$ 1,204,717</u>	<u>\$ 427,002</u>

City of Three Rivers, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2008

Special Revenue Fund - Major Street				
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental revenue:				
State trunkline maintenance	\$ 62,100	\$ 62,100	\$ 61,339	\$ (761)
Gas and weight tax distributions	369,000	369,000	342,763	(26,237)
State grants and other revenue	12,000	12,000	11,562	(438)
Investment income and other	15,000	15,000	12,136	(2,864)
Other	-	-	348	348
Total revenue	458,100	458,100	428,148	(30,300)
Major street maintenance:				
Drains - Storm sewers	80,869	80,869	21,713	59,156
Routine maintenance	56,223	56,223	25,944	30,279
Bridge maintenance	14,704	14,704	9,138	5,566
Street sweeping	46,531	46,531	30,545	15,986
Traffic service	36,123	36,123	31,722	4,401
Ice and snow control	28,438	28,438	29,582	(1,144)
Traffic signals	8,000	8,000	5,449	2,551
Total major street maintenance	270,888	270,888	154,093	116,795
Trunkline maintenance:				
Surface maintenance	6,994	6,994	2,666	4,328
Sweeping and flushing	32,269	32,269	14,909	17,360
Shoulder maintenance	3,130	3,130	1,206	1,924
Trees and shrubs	23,756	23,756	11,583	12,173
Drainage and backslopes	9,201	9,201	4,488	4,713
Traffic signs	25,432	25,432	10,449	14,983
Pavement marking	8,431	8,431	2,732	5,699
Winter maintenance	37,999	37,999	43,763	(5,764)
Total trunkline maintenance	147,212	147,212	91,796	55,416
Transfers	75,000	75,000	75,000	-
Total expenditures	493,100	493,100	320,889	172,211
Excess of Revenues Over (Under) Expenditures	(35,000)	(35,000)	107,259	141,911
Fund Balances - Beginning of year	308,102	308,102	308,102	-
Fund Balances - End of year	\$ 273,102	\$ 273,102	\$ 415,361	\$ 141,911

City of Three Rivers, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds (Continued) Year Ended June 30, 2008

	Special Revenue - Municipal Street			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
Revenue				
Property taxes	\$ 959,686	\$ 959,686	\$ 946,141	\$ (13,545)
State sources	-	-	322,362	322,362
Investment income	5,000	5,000	16,477	11,477
Other	-	60,275	60,576	301
Total revenue	964,686	1,024,961	1,345,556	320,595
Expenditures - Routine maintenance	901,270	901,270	811,562	89,708
Excess of Revenue Over Expenditures	63,416	123,691	533,994	410,303
Fund Balance - Beginning of year	271,740	271,740	271,740	-
Fund Balance - End of year	<u>\$ 335,156</u>	<u>\$ 395,431</u>	<u>\$ 805,734</u>	<u>\$ 410,303</u>

City of Three Rivers, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2008

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
General Employees' Retirement System						
12/31/00	\$ 6,672,787	\$ 7,462,708	\$ 789,921	89	\$ 2,522,148	31
12/31/01	7,250,897	7,942,526	691,629	91	2,593,416	27
12/31/02	7,541,306	8,377,590	836,284	90	2,673,660	31
12/31/03	8,183,277	9,364,988	1,181,711	87	2,824,304	42
12/31/04	8,685,681	10,626,073	1,940,392	82	3,045,325	64
12/31/05	9,157,657	10,860,151	1,702,494	84	3,012,335	57
12/31/06	9,806,804	11,296,120	1,489,316	87	2,966,472	50
12/31/07	10,480,169	12,425,675	1,945,506	84	2,691,922	72

City of Three Rivers, Michigan

Note to Required Supplemental Information June 30, 2008

Note - Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds, except that debt proceeds and transfers in/out have been included in the “revenue” and “expenditures” categories, rather than as an “other financing sources/uses.” All annual appropriations lapse at fiscal year end.

The annual budget is prepared by the City management and adopted by the City Commission; subsequent amendments are approved by the City Commission. All funds of the City are included in the budget. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end may be reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. Expenditures at this level significantly in excess of amounts budgeted for activities are a violation of Michigan law. Department heads may make transfers of appropriations within a department other than personnel-related. Although appropriations may not be transferred to or from personnel-related line items or between departments without City Commission approval, State of Michigan law does not require that expenditures stay within these budgeted amounts, as long as expenditures remain within the approved departmental appropriations.

Other Supplemental Information

City of Three Rivers, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Major Debt Service Funds Year Ended June 30, 2008

Debt Service Fund - S/A Bentwaters Project				
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 31,260	\$ 34,581	\$ 34,797	\$ 216
Other	50,350	150,697	146,227	(4,470)
Total revenue	81,610	185,278	181,024	(4,254)
Expenditures - Community and economic development	51,650	51,650	51,601	49
Excess of Revenues Over Expenditures	29,960	133,628	129,423	(4,205)
Fund Balance - Beginning of year	146,786	146,786	146,786	-
Fund Balance - End of year	<u>\$ 176,746</u>	<u>\$ 280,414</u>	<u>\$ 276,209</u>	<u>\$ (4,205)</u>

City of Three Rivers, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Major Debt Service Funds Year Ended June 30, 2008

Debt Service Fund - Special Assessments				
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ -	\$ -	\$ 23,318	\$ 23,318
Other	85,040	85,040	53,524	(31,516)
Total revenue	85,040	85,040	76,842	(8,198)
Expenditures - Community and economic development	85,040	85,040	85,645	(605)
Excess of Expenditures Over Revenues	-	-	(8,803)	(8,803)
Other Financing Sources - Transfers in	-	-	85,509	85,509
Net Change in Fund Balance	-	-	76,706	76,706
Fund Balance - Beginning of year	62,292	62,292	62,292	-
Fund Balance - End of year	<u>\$ 62,292</u>	<u>\$ 62,292</u>	<u>\$ 138,998</u>	<u>\$ 76,706</u>

Nonmajor Governmental Funds

Special Revenue Funds - The Local Street Fund accounts for the construction, maintenance, and repairs of all local streets. Financing is provided by state-shared gas and weight taxes, local contributions, bonding, etc. It is used to control the expenditures of motor fuel taxes, which are earmarked by law and the State Constitution for street and highway purposes, and is required by Act 51 of the Public Acts of 1951, as amended.

The Neighborhood and Community Development Fund accounts for the Community Development Block Grant federal financial assistance programs.

The Rental Rehab Fund accounts for funds received to make repairs to apartments in the City's downtown historic district.

Capital Project Fund - The East Parking Lot Fund accounts for the development of capital facilities including the downtown parking lot project east of historical downtown.

Permanent Fund - The Riverside Cemetery Perpetual Care Fund accounts for money held in trust for the perpetual care of the City cemetery. Revenues consist of investment earnings and charges for services.

City of Three Rivers, Michigan

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2008

	Special Revenue Funds			Capital Project Fund	Permanent Fund	
	Local Streets	Neighborhood and Community Development	Rental Rehab	East Parking Lot	Riverside Perpetual Care	Total Nonmajor Governmental Funds
Assets						
Cash and investments	\$ 96,363	\$ 9,343	\$ 23,521	\$ 182,682	\$ 33,739	\$ 345,648
Investments	53,181	-	-	97,234	171,729	322,144
Receivables:						
Due from other funds	6,426	-	-	-	-	6,426
Accrued interest	166	-	-	455	2,173	2,794
Other	24,011	-	-	-	-	24,011
Total assets	<u>\$ 180,147</u>	<u>\$ 9,343</u>	<u>\$ 23,521</u>	<u>\$ 280,371</u>	<u>\$ 207,641</u>	<u>\$ 701,023</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 626	\$ -	\$ -	\$ 1,761	\$ -	\$ 2,387
Due to other funds	144	46	-	-	-	190
Accrued and other liabilities	1,288	5,050	23,521	-	-	29,859
Other	-	-	-	-	314	314
Deferred revenue	-	649	-	-	-	649
Total liabilities	2,058	5,745	23,521	1,761	314	33,399
Fund Balances - Unreserved	<u>178,089</u>	<u>3,598</u>	<u>-</u>	<u>278,610</u>	<u>207,327</u>	<u>667,624</u>
Total liabilities and fund balances	<u>\$ 180,147</u>	<u>\$ 9,343</u>	<u>\$ 23,521</u>	<u>\$ 280,371</u>	<u>\$ 207,641</u>	<u>\$ 701,023</u>

City of Three Rivers, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended June 30, 2008

	Special Revenue Funds			Capital Project Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Local Streets	Neighborhood and Community Development	Rental Rehab	East Parking Lot	Riverside Perpetual Care	
Revenue						
Intergovernmental revenue:						
Federal grants	\$ -	\$ -	\$ 5,000	162,970	\$ -	\$ 167,970
State grants and other revenue	11,562	-	-	-	-	11,562
Gas and weight tax distributions	146,530	-	-	-	-	146,530
Investment income	5,302	-	-	7,753	13,986	27,041
Other	-	-	850	100	-	950
Total revenue	163,394	-	5,850	170,823	13,986	354,053
Expenditures						
Public services	213,845	-	-	251	6,468	220,564
Community/Economic development	-	1,402	5,850	55,147	-	62,399
Total expenditures	213,845	1,402	5,850	55,398	6,468	282,963
Excess of Revenue Over (Under)						
Expenditures	(50,451)	(1,402)	-	115,425	7,518	71,090
Other Financing Sources - Transfers						
in	75,000	5,000	-	-	7,850	87,850
Net Change in Fund Balances	24,549	3,598	-	115,425	15,368	158,940
Fund Balances - Beginning of year	153,540	-	-	163,185	191,959	508,684
Fund Balances - End of year	<u>\$ 178,089</u>	<u>\$ 3,598</u>	<u>\$ -</u>	<u>\$ 278,610</u>	<u>\$ 207,327</u>	<u>\$ 667,624</u>

City of Three Rivers, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds Year Ended June 30, 2008

	Special Revenue Fund - Local Street			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Intergovernmental				
Gas and weight tax distributions	\$ 154,100	\$ 154,100	\$ 146,530	\$ (7,570)
State grants and other revenue	12,000	12,000	11,562	(438)
Investment income	5,000	5,000	5,302	302
Transfers	75,000	75,000	75,000	-
Total revenue	246,100	246,100	238,394	(7,706)
Expenditures				
Drains - Storm sewers	40,886	40,886	37,556	3,330
Routine maintenance	53,470	53,470	30,691	22,779
Street sweeping	68,920	68,920	52,348	16,572
Traffic service	32,905	32,905	33,392	(487)
Ice and snow control	49,919	49,919	59,858	(9,939)
Total expenditures	246,100	246,100	213,845	32,255
Excess of Revenues Over Expenditures	-	-	24,549	24,549
Fund Balances - Beginning of year	153,540	153,540	153,540	-
Fund Balances - End of year	\$ 153,540	\$ 153,540	\$ 178,089	\$ 24,549

City of Three Rivers, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2008

	Special Revenue Fund - Neighborhood/Community Development			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Transfers	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Expenditures - Community development	<u>5,000</u>	<u>5,000</u>	<u>1,402</u>	<u>3,598</u>
Excess of Revenues Over Expenditures	-	-	3,598	3,598
 Fund Balances - Beginning of year	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
Fund Balances - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,598</u></u>	<u><u>\$ 3,598</u></u>

City of Three Rivers, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2008

	Special Revenue Fund - Rental Rehab			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ 5,630	\$ 5,000	\$ (630)
Other	-	850	850	-
Total revenue	-	6,480	5,850	(630)
Expenditures - Community development	-	6,480	5,850	630
Excess of Revenue Over Expenditures	-	-	-	-
Fund Balances - Beginning of year	-	-	-	-
Fund Balances - End of year	\$ -	\$ -	\$ -	\$ -

City of Three Rivers, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Capital Projects Funds Year Ended June 30, 2008

Capital Projects Fund - East Parking Lot				
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental revenue - State grants	\$ -	\$ 162,970	\$ 162,970	\$ -
Interest income	-	6,282	7,753	1,471
Other	-	163,284	100	(163,184)
Total revenue	-	332,536	170,823	(161,713)
Expenditures				
Public services	-	-	251	(251)
Community and economic development	-	55,000	55,147	(147)
Total expenditures	-	55,000	55,398	(398)
Excess of Revenue Over Expenditures	-	277,536	115,425	(162,111)
Fund Balance - Beginning of year	163,185	163,185	163,185	-
Fund Balance - End of year	<u>\$ 163,185</u>	<u>\$ 440,721</u>	<u>\$ 278,610</u>	<u>\$ (162,111)</u>

Fiduciary Funds

General Trust and Agency Fund - The General Trust and Agency Fund accounts for the payroll paid to the employees, after reimbursement from the benefited funds.

Tax Collections Fund - The Tax Collections Fund accounts for tax collections that are held by the City in the capacity of trustee. The collections are then transferred to the City's General Fund and to other governmental units on a timely distribution basis.

City of Three Rivers, Michigan

Fiduciary Funds Combining Statement of Changes in Assets and Liabilities All Agency Funds Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>General Trust and Agency</u>				
Assets - Cash and cash equivalents	<u>\$ 12,516</u>	<u>\$ 4,200,434</u>	<u>\$ (4,183,574)</u>	<u>\$ 29,376</u>
Liabilities - Other payables	<u>\$ 12,516</u>	<u>\$ 3,277,071</u>	<u>\$ (3,260,211)</u>	<u>\$ 29,376</u>
<u>Tax Collections</u>				
Assets				
Cash and cash equivalents	\$ 267	\$ 11,967,353	\$ (11,967,620)	\$ -
Taxes receivable	<u>76,943</u>	<u>96,821</u>	<u>(76,943)</u>	<u>96,821</u>
Total assets	<u>\$ 77,210</u>	<u>\$ 12,064,174</u>	<u>\$ (12,044,563)</u>	<u>\$ 96,821</u>
Liabilities - Due to other governmental units	<u>\$ 77,210</u>	<u>\$ 12,064,174</u>	<u>\$ (12,044,563)</u>	<u>\$ 96,821</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 12,783	\$ 16,167,787	\$ (16,151,194)	\$ 29,376
Taxes receivable	<u>76,943</u>	<u>96,821</u>	<u>(76,943)</u>	<u>96,821</u>
Total assets	<u>\$ 89,726</u>	<u>\$ 16,264,608</u>	<u>\$ (16,228,137)</u>	<u>\$ 126,197</u>
Liabilities				
Due to other governmental units	\$ 77,210	\$ 12,064,174	\$ (12,044,563)	\$ 96,821
Other payables	<u>12,516</u>	<u>3,277,071</u>	<u>(3,260,211)</u>	<u>29,376</u>
Total liabilities	<u>\$ 89,726</u>	<u>\$ 15,341,245</u>	<u>\$ (15,304,774)</u>	<u>\$ 126,197</u>

Component Units

Downtown Development Authority - The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district.

Industrial Development Authority - The Industrial Development Authority was created to develop and promote industrial districts. The governing board consists of seven members appointed by the City Commission, two members appointed by Three Rivers Community Schools, and one each appointed by Glen Oaks Community College and St. Joseph County.

Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority was created to encourage the redevelopment of contaminated property within the City by providing economic incentives through tax increment financing for certain eligible activities and Brownfield Redevelopment Authority single business tax credits.

Library - The Library was created to provide the public with resources for reading, viewing, and audio entertaining and enlightenment. Significant corporate powers have been bestowed upon the Library.

City of Three Rivers, Michigan

Component Units Balance Sheet - Modified Accrual June 30, 2008

	Industrial Development Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Library Operations	Totals
Assets					
Cash and cash equivalents	\$ 22,224	\$ 31,911	\$ 3,726	\$ 173,580	\$ 231,441
Investments	72,061	34,383	8,079	299,063	413,586
Accounts receivable	1,459	225	39	13,948	15,671
Total assets	<u>\$ 95,744</u>	<u>\$ 66,519</u>	<u>\$ 11,844</u>	<u>\$ 486,591</u>	<u>\$ 660,698</u>
Liabilities					
Accounts payable	\$ -	\$ 12,886	\$ -	\$ 10,730	\$ 23,616
Accrued and other liabilities	126	15,148	-	6,255	21,529
Total liabilities	126	28,034	-	16,985	45,145
Fund Balance - Unreserved	<u>95,618</u>	<u>38,485</u>	<u>11,844</u>	<u>469,606</u>	<u>615,553</u>
Total liabilities and fund balance	<u>\$ 95,744</u>	<u>\$ 66,519</u>	<u>\$ 11,844</u>	<u>\$ 486,591</u>	<u>\$ 660,698</u>
Total Fund Balances - Component Units					\$ 615,553
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and are not reported in the funds					963,884
Long-term liabilities are not due and payable in the current period and are not reported in the funds					(62,955)
Net assets of governmental activities					<u>\$ 1,516,482</u>

City of Three Rivers, Michigan

Component Units Statement of Revenue, Expenditures, and Changes in Fund Balances - Modified Accrual Year Ended June 30, 2008

	Industrial Development Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Library Operations	Totals
Revenue					
Property taxes	\$ 40,418	\$ 208,231	\$ 8,444	\$ 348,327	\$ 605,420
Charges for services	-	-	-	12,695	12,695
Investment income	7,066	3,105	360	34,708	45,239
Contributions	-	-	-	90,671	90,671
Other	-	22,862	-	75,070	97,932
Total revenue	47,484	234,198	8,804	561,471	851,957
Expenditures - Community and economic development	25,417	214,158	-	531,832	771,407
Excess of Revenue Over Expenditures	22,067	20,040	8,804	29,639	80,550
Fund Balances - Beginning of year	73,551	18,445	3,040	439,967	535,003
Fund Balances - End of year	<u>\$ 95,618</u>	<u>\$ 38,485</u>	<u>\$ 11,844</u>	<u>\$ 469,606</u>	<u>\$ 615,553</u>

City of Three Rivers, Michigan

Component Units Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2008

Net Change in Fund Balances - Total Component Units \$ 80,550

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures;
in the statement of activities, these costs are allocated
over their estimated useful lives as depreciation:

Asset purchases	123,508
Depreciation	(56,990)

Debt payments are not reported as expenditures on the statement of activities	<u>11,848</u>
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Change in Net Assets of Governmental Activities \$ 158,916

Statistical Section

Statistical Section

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographic and economic information
- Operating information

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

City of Three Rivers, Michigan

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

City of Three Rivers, Michigan

Net Assets by Component

	2004	2005	2006	2007	2008
Governmental Activities					
Invested in capital assets -					
Net of related debt	\$ 2,968,974	\$ 5,876,116	\$ 6,924,626	\$ 7,407,722	\$ 7,518,197
Restricted	3,471,114	1,633,499	1,234,709	1,766,743	2,250,833
Unrestricted	<u>652,207</u>	<u>995,073</u>	<u>571,824</u>	<u>1,610,713</u>	<u>2,429,660</u>
Total net assets	<u>\$ 7,092,295</u>	<u>\$ 8,504,688</u>	<u>\$ 8,731,159</u>	<u>\$10,785,178</u>	<u>\$ 12,198,690</u>
Business-type Activities					
Invested in capital assets -	\$ 7,411,813	\$ 9,581,152	\$ 10,067,325	\$ 10,806,544	\$ 10,726,190
Net of related debt					
Unrestricted	<u>3,475,204</u>	<u>3,251,780</u>	<u>2,938,925</u>	<u>2,690,938</u>	<u>3,338,377</u>
Total net assets	<u>\$ 10,887,017</u>	<u>\$ 12,832,932</u>	<u>\$ 13,006,250</u>	<u>\$ 13,497,482</u>	<u>\$ 14,064,567</u>
Primary Government in Total					
Invested in capital assets -	\$ 10,380,787	\$ 15,457,268	\$ 16,991,951	\$ 18,214,266	\$ 18,244,387
Net of related debt					
Restricted	3,471,114	1,633,499	1,215,993	1,766,743	2,250,833
Unrestricted	<u>4,127,411</u>	<u>4,246,853</u>	<u>3,529,465</u>	<u>4,301,651</u>	<u>5,768,037</u>
Total net assets	<u>\$ 17,979,312</u>	<u>\$ 21,337,620</u>	<u>\$ 21,737,409</u>	<u>\$ 24,282,660</u>	<u>\$ 26,263,257</u>

Source: City of Three Rivers

City of Three Rivers, Michigan

Changes in Governmental Net Assets

	Fiscal Year Ended June 30				
	2004	2005	2006	2007	2008
Primary Government					
Governmental Activities					
General government	\$ 1,395,801	\$ 984,190	\$ 1,116,887	\$ 1,045,537	\$ 812,526
Public safety	1,964,599	1,943,784	1,858,210	1,866,794	1,920,638
Public works	1,955,623	704,170	1,289,087	1,500,049	2,115,254
Community and economic development	1,286,882	665,641	1,047,826	867,456	49,442
Interest on long-term debt	23,244	24,663	118,077	122,175	117,251
Total governmental activities	6,626,149	4,322,448	5,430,087	5,402,011	5,015,111
Program Revenue					
Charges for services:					
General government	649,112	586,463	374,002	1,177,727	214,098
Public works	49,620	52,532	48,800	40,208	58,156
Operating grants and contributions	274,479	684,419	1,032,771	864,030	589,606
Capital grants and contributions	1,412,840	1,811,093	-	682,708	485,332
Total program revenue	2,386,051	3,134,507	1,455,573	2,764,673	1,347,192
Net Expense	(4,240,098)	(1,187,941)	(3,974,514)	(2,637,338)	(3,667,919)
General Revenues					
Property taxes	2,998,127	3,005,491	3,067,492	3,302,445	3,505,164
State-shared revenues	1,571,248	956,288	950,658	1,029,657	907,279
Investment earnings	25,276	197,038	41,312	154,672	214,940
Miscellaneous	401,743	383,043	344,612	392,905	454,048
Transfers	75,141	(1,656,141)	(203,089)	(188,322)	-
Total general revenues	5,071,535	2,885,719	4,200,985	4,691,357	5,081,431
Change in Net Assets	\$ 831,437	\$1,697,778	\$ 226,471	\$2,054,019	\$1,413,512

Source: City of Three Rivers

City of Three Rivers, Michigan

Changes in Business-type Net Assets

	Fiscal Year Ended June 30				
	2004	2005	2006	2007	2008
Operating Revenue					
Sale of water	\$ 698,683	\$ 707,316	\$ 751,382	\$ 717,782	\$ 744,586
Sewage disposal charges	1,626,550	1,652,103	1,682,226	1,732,892	1,820,601
Septage haulers fees	135,881	137,644	197,625	255,713	280,833
Interest and penalty charges	48,760	40,627	55,995	53,904	66,973
BOD surcharge	36,637	76,529	51,306	29,387	22,390
RTS surcharge	30,986	29,717	36,223	28,350	28,428
Other charges for services	724,711	766,315	742,793	910,932	805,042
Total operating revenue	3,302,208	3,410,251	3,517,550	3,728,960	3,768,853
Operating Expenses					
Cost of sewage treatment	692,403	760,944	791,343	863,748	870,250
Other operation and maintenance costs	1,757,166	1,956,796	2,030,073	2,041,921	1,888,768
Depreciation	660,788	615,738	625,154	651,976	688,055
Total operating expenses	3,110,357	3,333,478	3,446,570	3,557,645	3,447,073
Operating Income	191,851	76,773	70,980	171,315	321,780
Nonoperating Revenue (Expenses)					
Property taxes	176,056	210,866	178,269	190,823	201,403
Investment income	(31,107)	112,818	14,819	109,947	140,239
Interest expense	(322,375)	(308,187)	(293,839)	(169,175)	(96,337)
Gain on disposal of assets	380	-	-	-	-
Total nonoperating revenues (expenses)	(177,046)	15,497	(100,751)	131,595	245,305
Income (Loss) - Before contributions and other items	14,805	92,270	(29,771)	302,910	567,085
Capital Contributions from Other Funds	-	1,656,141	254,089	-	-
Transfers					
Transfers from other funds	7,218	-	11,343	188,322	-
Transfers to other funds	(82,359)	-	(62,343)	-	-
Total transfers	(75,141)	-	(51,000)	188,322	-
Change in Net Assets	<u>\$ (60,336)</u>	<u>\$ 1,748,411</u>	<u>\$ 173,318</u>	<u>\$ 491,232</u>	<u>\$ 567,085</u>

Source: City of Three Rivers

City of Three Rivers, Michigan

Fund Balances, Governmental Funds

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 266,412	\$ 165,456	\$ 212,446	\$ 143,799	\$ 36,170	\$ 43,176	\$ 23,453	\$ 18,716	\$ 174,219	\$ 177,291
Unreserved	<u>792,649</u>	<u>787,234</u>	<u>1,046,527</u>	<u>976,826</u>	<u>609,208</u>	<u>711,674</u>	<u>686,423</u>	<u>572,643</u>	<u>554,351</u>	<u>1,027,426</u>
Total General Fund	<u>\$ 1,059,061</u>	<u>\$ 952,690</u>	<u>\$ 1,258,973</u>	<u>\$ 1,120,625</u>	<u>\$ 645,378</u>	<u>\$ 754,850</u>	<u>\$ 709,876</u>	<u>\$ 591,359</u>	<u>\$ 728,570</u>	<u>\$ 1,204,717</u>
All Other Governmental Funds										
Reserved	\$ 128,438	\$ -	\$ 125,670	\$ 109,345	\$ 437,485	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved - Reported in:										
Special Revenue Funds	901,012	910,253	1,030,537	959,483	601,622	2,119,710	864,101	520,921	733,382	1,402,762
Capital Project Funds	-	-	-	-	513,739	571,964	(39,621)	39,108	372,263	278,610
Debt Service Funds	71,376	42,471	1,498	-	-	-	-	-	-	415,207
Permanent Funds	<u>209,791</u>	<u>204,961</u>	<u>191,114</u>	<u>257,247</u>	<u>210,948</u>	<u>209,440</u>	<u>221,328</u>	<u>176,065</u>	<u>191,959</u>	<u>207,327</u>
Total all other governmental funds	<u>\$ 1,310,617</u>	<u>\$ 1,157,685</u>	<u>\$ 1,348,819</u>	<u>\$ 1,326,075</u>	<u>\$ 1,763,794</u>	<u>\$ 2,901,114</u>	<u>\$ 1,045,808</u>	<u>\$ 736,094</u>	<u>\$ 1,297,604</u>	<u>\$ 2,303,906</u>

City of Three Rivers, Michigan

Changes in Fund Balances, Governmental Funds

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenue										
Property taxes	\$ 1,683,984	\$ 1,776,921	\$ 1,903,975	\$ 2,068,959	\$ 2,712,448	\$ 2,998,127	\$ 3,005,491	\$ 3,067,492	\$ 3,302,445	\$ 3,505,164
Licenses and permits	45,034	37,871	40,711	48,847	51,443	55,293	96,743	95,310	92,256	104,913
Federal grants	59,169	204,942	160,320	223,644	280,952	488,463	1,523,797	443,197	909,315	177,970
State-shared revenues and grants	1,613,972	1,841,273	1,784,490	1,680,656	1,580,275	1,571,598	1,609,255	1,513,064	1,606,514	1,803,397
Charges for services	219,659	250,741	274,741	275,125	289,072	305,428	330,779	318,086	290,832	315,696
Interest and rentals	140,127	39,299	291,090	145,155	84,998	29,237	181,410	41,255	159,143	231,702
Other	248,356	329,431	210,599	155,229	232,108	1,077,702	433,850	718,051	482,195	450,952
Total revenue	4,010,301	4,480,478	4,665,926	4,597,615	5,231,296	6,525,848	7,181,325	6,196,455	6,842,700	6,589,794
Expenditures - Current										
General government	738,559	902,474	889,891	994,003	1,044,993	984,642	1,166,864	1,036,106	1,065,269	842,197
Public safety:										
Police	1,164,032	1,219,496	1,268,974	1,305,440	1,402,947	1,377,334	1,400,039	1,397,173	1,418,507	1,474,434
Fire	285,747	278,847	310,655	411,230	450,661	415,003	411,409	392,182	385,690	352,530
Inspections	52,296	53,205	63,427	60,351	47,799	69,771	71,495	68,284	72,487	80,308
Hazardous structures	3,000	5,862	9,792	4,519	67,716	9,085	19,842	16,030	17,464	259
Planning	989	1,167	487	1,310	450	26	-	92	55	8,649
Act 302 Police Training	3,934	2,245	4,397	3,100	1,079	-	-	-	-	-
Public works:										
Streets	510,449	876,840	574,192	824,671	873,191	1,427,256	4,127,421	1,665,317	758,766	756,528
General maintenance	233,801	266,180	328,913	319,456	336,950	240,797	236,442	214,317	275,878	427,187
Street lighting	72,506	72,813	75,955	74,544	74,033	70,653	74,549	73,261	71,834	71,531
Airport	61,182	44,124	62,451	148,332	104,793	100,347	134,482	139,379	105,100	89,414
Community and economic development	50,390	228,165	77,220	91,729	351,451	2,637,942	1,285,040	927,123	1,489,731	63,559
Recreation and culture	136,968	152,009	201,612	207,796	250,619	281,122	227,054	470,968	208,482	188,711
Other functions	681,986	515,604	242,918	362,455	278,317	315,572	206,178	145,816	196,124	195,790
Debt service	155,460	151,600	50,584	21,510	-	130,614	380,413	455,350	455,270	556,228
Total expenditures	4,151,299	4,770,631	4,161,468	4,830,446	5,284,999	8,060,164	9,741,228	7,001,398	6,520,657	5,107,325

City of Three Rivers, Michigan

Changes in Fund Balances, Governmental Funds (Continued)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Excess of Revenue Over (Under)										
Expenditures	\$ (140,998)	\$ (290,153)	\$ 504,458	\$ (232,831)	\$ (53,703)	\$ (1,534,316)	\$ (2,559,903)	\$ (804,943)	\$ 322,043	\$ 1,482,469
Other Financing Sources (Uses)										
Debt issuance	308,975	-	-	-	-	2,712,000	2,310,000	585,000	565,000	-
Bond discount	-	-	-	-	-	-	-	(11,690)	-	-
Contributions to other funds	-	-	-	-	-	-	(1,656,141)	-	-	-
Transfers in	208,755	212,011	98,655	184,536	708,497	127,398	-	144,219	482,154	173,359
Transfers out	(176,474)	(176,331)	(91,849)	(178,930)	(712,891)	(56,782)	(6,424)	(340,517)	(670,476)	(173,359)
Total other financing sources (uses)	341,256	35,680	6,806	5,606	(4,394)	2,782,616	647,435	377,012	376,678	-
Net Change in Fund Balances	\$ 200,258	\$ (254,473)	\$ 511,264	\$ (227,225)	\$ (58,097)	\$ 1,248,300	\$ (1,912,468)	\$ (427,931)	\$ 698,721	\$ 1,482,469

City of Three Rivers, Michigan

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

City of Three Rivers, Michigan

Taxable Value and Actual Value of Taxable Property

Tax Year	Fiscal Year Ended June 30	Taxable Value by Property Type					Non- homestead Tax Rate (Mills)	Estimated Actual Value	Taxable Value
		Real Property			Personal Property	Total Taxable Value			as a Percentage of Actual
		Residential	Commercial	Industrial					
1998	1999	\$ 42,748,501	\$ 25,961,384	\$ 17,102,672	\$ 29,906,950	\$ 115,719,507	59.3014	\$ 253,522,634	46
1999	2000	44,387,644	34,943,691	17,485,561	28,111,781	124,928,677	59.6684	282,456,728	44
2000	2001	47,273,317	36,649,520	17,817,545	30,181,022	131,921,404	58.3599	304,259,890	43
2001	2002	50,211,762	37,629,588	18,354,429	30,488,110	136,683,889	58.9780	311,427,254	44
2002	2003	53,105,178	40,204,479	18,456,692	29,616,729	141,383,078	58.1549	325,670,408	43
2003	2004	55,371,161	41,403,646	18,744,076	34,286,172	149,805,055	58.8270	351,514,586	43
2004	2005	58,214,813	37,371,132	19,337,168	37,668,370	152,591,483	61.3230	349,559,268	44
2005	2006	62,064,185	39,061,213	19,540,800	33,279,550	153,945,748	60.6154	370,959,348	41
2006	2007	66,130,526	46,666,773	21,477,738	33,242,400	167,517,437	61.0359	404,201,200	41
2007	2008	69,548,004	50,179,468	23,267,372	38,742,800	181,737,644	61.2957	477,694,200	38

Note: Under Michigan law, the revenue base is referred to as "taxable value."

This amount represents a capped value that is limited by the rate of inflation or 5 percent (lower of the two) on properties without ownership transfers, the uncapping of property values upon ownership transfer, and the addition of new construction values each year.

Source: City of Three Rivers

City of Three Rivers, Michigan

Millage Rates - Direct City Taxes

Tax Year	Fiscal Year Ended	General Operating	Library Operating	Voted Millage (Library)	Voted Millage (EMS)	Solid Waste Management	Voted Millage City Streets and Sidewalks	Debt	Total Direct Taxes
1998	1999	11.6597	0.9716	0.7432	0.8772	-	-	3.4762	17.7279
1999	2000	11.6151	0.9678	0.7403	0.9077	-	-	3.7710	18.0019
2000	2001	11.5001	0.9582	0.7329	0.8978	0.5360	-	2.4520	17.0770
2001	2002	11.5001	0.9582	0.7329	1.9725	0.4725	-	2.4260	18.0622
2002	2003	11.5001	0.9582	0.7329	1.1000	0.4000	3.7000	-	18.3912
2003	2004	11.4253	0.9519	0.7281	1.0000	0.4000	3.6759	-	18.1812
2004	2005	11.4253	0.9519	0.7281	1.2000	0.4000	3.6759	-	18.3812
2005	2006	11.4253	0.9519	0.7281	1.0000	0.5000	3.6759	-	18.2812
2006	2007	11.4253	0.9519	0.7281	1.0000	0.5000	3.6759	-	18.2812
2007	2008	11.4253	0.9520	0.7280	1.0000	0.6250	3.6759	-	18.4062

Source: City of Three Rivers

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

	General Operating	Library Operating	Voted Millage (Library)	Voted Millage (EMS)	Solid Waste Management	Voted Millage City Streets and Sidewalks
2007	11.4253	0.9520	0.7280	1.9596	1.0000	3.6759

Direct and Overlapping Property Tax Rates

Overlapping Taxes											Total Tax Rate	
County Operating	County 911 Service	County Road Maintenance	Commission on Aging	Transportation	Community College	Intermediate School District	Special Education	School Debt	School - Homestead	School - Non- homestead	Homestead	Non- homestead
4.4942	0.7445	0.9903	0.2500	-	2.8409	0.2250	2.5786	5.4500	6.0000	24.0000	41.3014	59.3014
4.7095	0.7366	0.9798	0.2473	-	2.8117	0.2370	2.5473	5.4000	6.0000	23.9973	41.6711	59.6684
4.6595	0.7288	0.9694	0.2446	-	2.7806	0.2343	2.5184	5.1500	6.0000	23.9973	40.3626	58.3599
4.6150	0.6218	0.9601	0.2422	-	2.7559	0.2318	2.4917	5.0000	6.0000	23.9973	40.9807	58.9780
4.5997	0.6218	0.9569	0.3333	-	2.7495	0.2309	2.4821	4.8300	6.0000	22.9595	41.1954	58.1549
4.5794	0.6218	0.9526	0.3318	-	2.7453	0.2302	2.4752	4.7500	6.0000	23.9595	40.8675	58.8270
4.5794	0.7162	1.0000	0.3318	-	2.7495	0.2302	2.4752	6.9000	6.0000	23.9595	43.3635	61.3230
4.5482	0.7113	0.9932	0.3295	-	2.7088	0.2283	2.4554	6.4000	6.0000	23.9595	42.6559	60.6154
4.5482	0.7113	0.9932	0.7500	-	2.7088	0.2283	2.4554	6.4000	6.0000	23.9595	43.0764	61.0359
4.5482	0.7500	0.9932	0.7500	0.3300	2.7249	0.2283	2.4554	6.1500	6.0000	23.9595	43.3362	61.2957

City of Three Rivers, Michigan

Principal Property Taxpayers

Taxpayer	2007 Equivalent Taxable Value (1)	Percentage of Total	1998 Equivalent Taxable Value (2)	Percentage of Total	1998 Rank
1 American Axle & Manufacturing, Inc.	\$ 41,876,861	19.62%	\$ 21,372,486	16.86%	1
2 Eaton Corporation	6,685,269	3.13%	7,383,109	5.82%	4
3 Meijer, Inc.	6,564,552	3.08%	N/A	N/A	N/A
4 Metal Technologies, Inc.	4,473,125	2.10%	N/A	N/A	N/A
5 Weyerhaeuser	4,423,375	2.07%	4,790,737	3.78%	5
6 Armstrong International	4,125,068	1.93%	5,889,606	4.65%	2
7 Bentwaters Partners Ltd	4,078,795	1.91%	N/A	N/A	N/A
8 Day International	3,064,294	1.44%	2,166,835	1.71%	9
9 Kadant Johnson	2,573,328	1.21%	4,955,204	3.91%	3
10 HD Dev of Maryland	2,427,248	1.14%	N/A	N/A	N/A
N/A Dock Foundry	-	N/A	6,109,957	4.82%	6
N/A Kmart	-	N/A	2,711,552	2.14%	7
N/A I&M Electronics	-	N/A	2,414,817	1.91%	8
N/A L&M Development	-	N/A	2,118,390	1.67%	10

- (1) Equivalent taxable value uses 100 percent taxable value on ad valorem parcels and one-half taxable value on IFT parcels to reflect their half tax status. The 2007 total city equivalent taxable value was \$213,422,795.
- (2) Equivalent taxable value uses 100 percent taxable value on ad valorem parcels and one-half taxable value on IFT parcels to reflect their half tax status. The 1998 total city equivalent taxable value was \$126,761,317.

Source: City of Three Rivers

City of Three Rivers, Michigan

Property Tax Levies and Collections

Tax Year	Fiscal Year Ended June 30	Total Levy (1)	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected	Cancellation of Personal Property Tax by Court	Collection Efforts Ongoing
1998	1999	\$ 2,185,715	\$ 2,035,753	93.14	\$ 149,962	\$ 2,185,715	100.00	\$ 555	\$ -
1999	2000	2,433,142	2,308,275	94.87	124,867	2,433,142	100.00	11	-
2000	2001	2,373,756	2,258,894	95.16	114,792	2,373,686	100.00	-	70
2001	2002	2,609,389	2,469,526	94.64	138,913	2,608,439	99.96	-	950
2002	2003	2,737,595	2,598,088	94.90	138,971	2,737,059	99.98	-	536
2003	2004	2,856,581	2,731,739	95.63	123,944	2,855,683	99.97	-	898
2004	2005	2,960,909	2,813,495	95.02	142,949	2,956,444	99.85	-	4,465
2005	2006	2,918,652	2,771,177	94.95	140,662	2,911,839	99.77	-	6,813
2006	2007	3,241,502	3,061,584	94.45	170,976	3,232,560	99.72	-	8,942
2007	2008	3,337,415	3,163,963	94.80	156,473	3,320,436	99.49	-	16,979

(1) Tax levies reflect adjustments made for tax tribunal consent judgments, board of review decisions, real estate taxes cancelled through foreclosure, and state scavenger sales. Does not include penalty and interest on late payments of taxes. Includes levies on ad valorem properties for city operating, library operating, solid waste management, ambulance, DDA, city streets and sidewalks, and road maintenance millages.

Source: City of Three Rivers

City of Three Rivers, Michigan

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

City of Three Rivers, Michigan

Ratios of Outstanding Debt

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities										
General obligation bonds	\$ 173,455	\$ 49,664	\$ 20,000	\$ -	\$ -	\$ 3,342,000	\$ 5,367,000	\$ 5,646,122	\$ 4,870,022	\$ 4,526,574
Installment purchase agreements	371,824	350,229	267,947	310,915	197,466	112,695	55,453	89,287	55,334	126,632
Special assessment bonds	40,000	20,000	-	-	-	-	-	585,000	1,055,000	1,005,000
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Total	585,279	419,893	287,947	310,915	197,466	3,454,695	5,422,453	6,320,409	5,980,356	5,658,206
Business-type Activities										
General obligation bonds	1,855,000	1,245,000	7,905,000	7,285,000	6,880,000	6,565,000	6,235,000	5,960,000	5,665,000	5,300,000
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	405,000	295,000	240,000	185,000	125,000	65,000	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Total	2,260,000	1,540,000	8,145,000	7,470,000	7,005,000	6,630,000	6,235,000	5,960,000	5,665,000	5,300,000
Total Debt of the Government	\$ 2,845,279	\$ 1,959,893	\$ 8,432,947	\$ 7,780,915	\$ 7,202,466	\$ 10,084,695	\$ 11,657,453	\$ 12,280,409	\$ 11,645,356	\$ 10,958,206
Total Taxable Value	\$ 115,719,507	\$ 124,928,677	\$ 131,921,404	\$ 136,683,889	\$ 141,383,078	\$ 149,805,055	\$ 152,591,483	\$ 153,945,748	\$ 167,517,437	\$ 181,737,644
Ratio of Total Debt to Taxable Value	2.46%	1.57%	6.39%	5.69%	5.10%	6.73%	7.64%	7.98%	6.95%	6.03%
Total Population	7,413	7,328	7,328	7,328	7,328	7,328	7,328	7,328	7,328	7,328
Total Debt per Capita	\$ 383.82	\$ 267.45	\$ 1,150.78	\$ 1,061.81	\$ 982.87	\$ 1,376.19	\$ 1,590.81	\$ 1,675.82	\$ 1,589.16	\$ 1,495.39

Source: City of Three Rivers

City of Three Rivers, Michigan

Direct and Overlapping Governmental Activities Debt

Fiscal Year	Tax-limited General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Other General Obligation Debt	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	General Bonded Debt per Capita
1999	\$ 1,100,000	\$ 1,155,000	\$ -	\$ 454,374	\$ 2,709,374	\$ 115,719,507	2.34	7,413	\$ 365.49
2000	900,000	745,000	-	272,722	1,917,722	124,928,677	1.54	7,328	261.70
2001	700,000	365,000	-	182,709	1,247,709	131,921,404	0.95	7,328	170.27
2002	7,500,000	-	-	99,880	7,599,880	136,683,889	5.56	7,328	1,037.10
2003	7,055,000	-	-	34,278	7,089,278	141,383,078	5.01	7,328	967.42
2004	9,200,000	-	-	742,000	9,942,000	149,805,055	6.64	7,328	1,356.71
2005	10,880,000	-	-	722,000	11,602,000	152,591,483	7.60	7,328	1,583.24
2006	10,355,000	-	-	666,122	11,021,122	153,945,748	7.16	7,328	1,503.97
2007	9,805,000	-	-	730,022	10,535,022	167,517,437	6.29	7,328	1,437.64
2008	9,180,000	-	-	646,574	9,826,574	181,737,644	5.41	7,328	1,340.96

Source: City of Three Rivers

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Three Rivers Community Schools	\$ 44,275,000	34.18%	\$ 15,133,195
Glen Oaks Community College	845,000	10.34%	87,373
Total overlapping debt			15,220,568
Direct City debt			<u>11,695,409</u>
Total direct and overlapping debt			<u>\$ 26,915,977</u>

Source: Municipal Advisory Council of Michigan

City of Three Rivers, Michigan

Legal Debt Margin

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Calculation of Debt Limit (1) -										
State equalized valuation	\$ 126,761,317	\$ 141,226,237	\$ 180,568,420	\$ 188,176,838	\$ 205,247,017	\$ 239,657,098	\$ 230,943,812	\$ 255,492,124	\$ 267,130,600	\$ 238,847,100
10% of State equalized value	12,676,132	14,122,624	18,056,842	18,817,684	20,524,702	23,965,710	23,094,381	25,549,212	26,713,060	23,884,710
Calculation of Debt Subject to Limit										
Total debt	2,845,279	1,959,893	8,432,947	7,780,915	7,202,466	10,084,695	11,657,453	11,657,453	11,645,356	10,958,206
Less debt not subject to limit:										
Michigan Transportation Fund Bonds	(159,177)	(40,000)	(20,000)	-	-	-	-	-	-	-
Special assessment bonds	(40,000)	(20,000)	-	-	-	-	-	(585,000)	(1,055,000)	(1,005,000)
Revenue bonds	(405,000)	(295,000)	(240,000)	(185,000)	(125,000)	(65,000)	-	-	-	-
Net Debt Subject to Limit	<u>\$ 2,241,102</u>	<u>\$ 1,604,893</u>	<u>\$ 8,172,947</u>	<u>\$ 7,595,915</u>	<u>\$ 7,077,466</u>	<u>\$ 10,019,695</u>	<u>\$ 11,657,453</u>	<u>\$ 11,072,453</u>	<u>\$ 10,590,356</u>	<u>\$ 9,953,206</u>
Legal Debt Margin	\$ 10,435,030	\$ 12,517,731	\$ 9,883,895	\$ 11,221,769	\$ 13,447,236	\$ 13,946,015	\$ 11,436,928	\$ 14,476,759	\$ 16,122,704	\$ 13,931,504
Net Debt Subject to Limit as										
Percent of Debt Limit	17.68%	11.36%	45.26%	40.37%	34.48%	41.81%	50.48%	43.34%	39.64%	41.67%

(1) Debt limit set forth in Section 4a, Act 279 of 1909, and Act 202, P.A. 1943 as amended by Act 42, P.A. 1960

Source: City of Three Rivers

City of Three Rivers, Michigan

Pledged-revenue Coverage

Fiscal Year	Water and Sewer Revenue Bonds							Special Assessment Bonds				
	Gross Revenues (1)	Applicable Expenses (2)	Net Revenues	Debt Service			Coverage (3)	Special Assessment Collections	Debt service			Coverage (4)
				Principal	Interest	Total			Principal	Interest	Total	
1999	\$ 2,120,258	\$ 1,171,650	\$ 948,608	\$ 130,000	\$ 26,790	\$ 156,790	605.02	\$ 23,475	\$ 20,000	\$ 3,200	\$ 23,200	101.19
2000	1,962,160	1,446,319	515,841	110,000	21,728	131,728	391.60	21,875	20,000	1,600	21,600	101.27
2001	2,457,084	1,333,957	1,123,127	55,000	14,240	69,240	1,622.08	-	-	-	-	-
2002	2,295,533	1,742,246	553,287	55,000	11,655	66,655	830.08	-	-	-	-	-
2003	2,656,178	1,758,692	897,486	60,000	9,070	69,070	1,299.39	-	-	-	-	-
2004	2,666,432	1,869,079	797,353	60,000	6,190	66,190	1,204.64	-	-	-	-	-
2005	2,887,473	2,078,242	809,231	65,000	3,250	68,250	1,185.69	-	-	-	-	-
2006	2,879,590	2,060,754	818,836	-	-	-	-	64,582	21,930	34,970	56,900	1.14
2007	3,046,889	2,076,022	970,867	-	-	-	-	135,648	46,930	60,803	107,733	1.26
2008	3,203,465	1,928,965	1,274,500	-	-	-	-	96,666	50,000	43,993	93,993	1.03

(1) Gross revenues include interest income.

(2) Applicable expenses do not include depreciation or interest expense.

(3) Revenue bond coverage is equal to net revenues divided by total debt service.

(4) Special assessment bond coverage is equal to special assessments divided by total debt service.

Source: City of Three Rivers

City of Three Rivers, Michigan

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

City of Three Rivers, Michigan

Demographic and Economic Statistics

Fiscal Year	Population	Median Household Income	Per Capita Income	Unemployment Rate
1999	7,413	\$ 26,144	\$ 10,814	4.50
2000	7,328	32,460	16,279	4.47
2001	7,328	32,460	16,279	9.50
2002	7,328	32,460	16,279	8.70
2003	7,328	32,460	16,279	10.70
2004	7,328	32,460	16,279	7.80
2005	7,328	32,460	16,279	6.70
2006	7,328	32,460	16,279	8.40
2007	7,328	32,460	16,279	7.60
2008	7,328	32,460	16,279	7.60

Source: U.S. Census Bureau

City of Three Rivers, Michigan

Principal Employers

Taxpayer	2008 Employees	Percentage of Total	1999 Employees	Percentage of Total	1999 Rank
Three Rivers Area Hospital	530	9.19	475	9.33	2
American Axle & Manufacturing, Inc.	496	8.60	875	17.19	1
Three Rivers Community Schools	400	6.94	380	7	3
Armstrong International	300	5.20	300	5.90	5
Meijer, Inc.	275	4.77	N/A	N/A	N/A
Walmart	210	3.64	N/A	N/A	N/A
Camoplast Crocker LLC	208	3.61	N/A	N/A	N/A
Lasco Bathware	160	2.77	191	3.75	6
Metal Technologies, Inc.	158	2.74	128	2.52	9
Kadant Johnson	150	2.60	161	3.16	7

Source: City of Three Rivers

City of Three Rivers, Michigan

Full-time Equivalent Governmental Employees

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government:										
City manager	1	1	2	2	2	2	2	2	2	1
Administrative services	1	1	1	1	1	1	1	1	1	1
City clerk	3	3	3	3	3	3	3	3	3	1
Finance department	4	4	4	4	4	4	4	4	4	4
Cemetery	2	2	2	2	1	1	1	1	1	1
Airport	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police	19	19	20	20	20	19	20	20	20	20
Fire and EMS	10	10	12	12	13	13	13	15	15	14
Building inspection	1	1	1	1	1	1	1	1	1	1
Public works:										
DPS	14	15	14	14	16	17	17	17	16	15
Water and sewer	5	5	6	6	6	6	6	6	6	5
Parks and recreation	1	1	1	1	3	4	5	5	5	5
Library	3	3	3	3	3	3	3	2	2	2
Total	<u>65</u>	<u>66</u>	<u>70</u>	<u>70</u>	<u>74</u>	<u>75</u>	<u>77</u>	<u>78</u>	<u>77</u>	<u>71</u>

Note: Under general government, the positions for the City Assessor and the City Attorney are contracted positions and are not considered City employees.

Source: City of Three Rivers

City of Three Rivers, Michigan

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Three Rivers, Michigan

Operating Indicators

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Election data - Election #1:										
Registered voters	5,318	5,500	5,024	5,051	4,911	4,857	4,957	4,625	4,709	4,739
Voters (at the polls or absentee)	702	590	473	416	974	235	386	485	531	485
Percent voting	13.2%	10.7%	9.4%	8.2%	19.8%	4.8%	7.8%	10.5%	11.3%	10.2%
Election data - Election #2:										
Registered voters	5,318	5,192	4,935	-	4,844	4,885	4,963	4,675	4,752	4,761
Voters (at the polls or absentee)	1,563	699	2,236	-	1,564	356	2,693	736	1,201	964
Percent voting	29.4%	13.5%	45.3%	-	32.3%	7.3%	54.3%	15.7%	25.3%	20.2%
Election data - Election #3:										
Registered voters	-	-	-	-	-	-	4,871	-	4,706	4,762
Voters (at the polls or absentee)	-	-	-	-	-	-	284	-	320	749
Percent voting	-	-	-	-	-	-	5.8%	-	6.8%	15.7%
Police:										
Physical arrests	1,054	1,052	1,142	1,335	1,601	1,844	1,574	1,592	1,687	1,558
Traffic violations	1,324	1,226	2,417	2,921	2,866	4,081	3,707	3,525	3,518	2,705
Investigations	2,538	2,208	1,733	2,710	2,946	3,125	2,790	2,740	2,744	2,266
Fire and ambulance:										
Fire runs	292	309	325	338	382	412	350	290	384	332
Emergency medical runs	831	1,074	1,261	1,192	1,336	1,588	1,585	1,456	1,594	1,456
Interfacility transfers	192	156	498	544	502	524	597	715	822	751
Wheelchair transfers	602	528	586	536	429	512	647	571	564	384
Inspections (per unit)	N/A	224	82	335	397	777	289	138	470	36
Parks and recreation:										
Number of recreation programs	-	-	-	-	13	14	5	8	10	13
Recreation program attendance	-	-	-	-	635	515	210	220	420	360
Special Feature Presentation attendance	-	-	-	-	-	-	5,400	-	-	-
Library:										
Circulation (books borrowed)	94,705	72,454	66,057	69,031	62,055	62,851	66,228	65,557	69,266	69,885
Collection volume	44,060	47,809	45,145	48,386	46,985	45,039	52,353	48,968	48,748	49,282
Water:										
Number of customers billed	2,586	2,591	2,619	2,545	2,570	2,568	2,608	2,752	2,683	2,709
Total consumption in cubic feet	33,866,770	32,501,296	30,788,988	29,751,222	30,386,555	28,222,161	30,483,433	28,991,497	28,107,710	29,093,606
Average consumption per user (cu. ft.)	13,096	12,544	11,755	11,691	11,823	10,991	11,688	10,537	10,476	10,740
Sewer - Average daily sewage treatment (MGD)	1.37	1.43	1.50	1.40	1.28	1.43	1.37	1.38	1.47	1.51

Source: City of Three Rivers

City of Three Rivers, Michigan

Capital Asset Statistics

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	4	4	4	4	4	4
Detective unit	1	1	1	1	1	1	1	1	1	1
Police chief command vehicle	1	1	1	1	1	1	1	1	1	1
K-9 unit	1	1	1	1	1	1	1	1	1	2
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire response vehicles	3	3	3	3	3	3	3	3	3	3
Ambulance units	2	2	3	3	3	3	3	4	4	4
Rescue vehicles	1	1	1	1	1	1	1	1	1	1
Command vehicle	1	1	1	1	1	1	1	1	1	1
Wheelchair transport vehicles	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles):										
Major streets	13.47	13.47	13.47	13.47	13.47	13.52	13.52	13.52	13.52	13.52
Local streets	30.25	30.25	30.25	30.25	30.25	30.25	30.25	31.35	31.35	31.35
Streetlights	93	93	93	93	93	93	93	93	93	93
Parks and recreation:										
Acreage	52.09	52.09	52.09	52.09	52.09	52.09	52.09	52.09	52.09	52.09
Developed parks/playgrounds	38.19	38.19	38.19	38.19	38.19	38.19	38.19	42.49	42.49	42.49
Developed fields (soccer, baseball, etc.)	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60
Libraries:										
Branches	1	1	1	1	1	1	1	1	1	1
Book collections	42,121	45,513	42,794	45,825	44,150	45,039	49,131	45,182	48,748	49,282
Water:										
Mains (miles)	56.606	56.606	57.430	57.856	57.856	58.120	61.222	61.565	61.565	61.565
Fire hydrants	450	450	450	450	450	450	450	450	450	450
Storage capacity (gallons)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Sewer:										
Miles of sanitary sewers	48.720	48.720	48.720	48.856	48.856	49.376	52.952	53.253	53.253	53.253
Miles of storm sewers	18.898	18.898	18.904	18.959	19.276	19.443	19.914	20.315	20.315	20.315
Treatment capacity (MGD)	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75

Source: City of Three Rivers